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# Latin America Report

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23 April 1985

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INTER-AMERICAN AFFAIRS

ARGENTINE PRESIDENT ADDRESSES MEXICAN CONGRESS

PA061209 Mexico City EL DIA in Spanish 27 Mar 85 p 6

[Text of speech delivered by Argentine President Raul Alfonsin to the Mexican Congress at the Legislative Palace in Mexico City on 26 March]

[Text] Messrs Legislators:

First, allow me to express my thanks for the kind, moving welcome by the president and the extraordinary speech delivered by Senator Socorro Diaz Palacios.

It was precise, clear, deep, and without useless rhetoric. I confess that in order not to be surprised, I have had to use my knowledge of Mexican culture and of the presence and participation of women in that culture and the permanent contribution they make to democracy with their active presence.

Messrs Legislators:

As president of Argentina it is a great honor to use this forum to address the Mexican people through their most direct representatives.

This building has deep significance. This is where the will of people, who more than a century ago decided to live in democracy, converges and is expressed.

You are the heirs of a struggle to make this system of government a way of life; you must defend and preserve a constitutional mandate that teaches that democracy is not just a juridical structure and a political regime.

The constitutional guide that your forefathers so illustriously established 128 years ago still resounds with clarity for all of the men of government of America who tenaciously struggle to make our continent democratic in order to build a just, equitable way of life to benefit our peoples.

In my country we are involved in the hard, demanding task of rebuilding the principles, ideals, and practices of democracy for ourselves and for future generations in order to reestablish a way of life that will guarantee the total existence of the rights of man.

Upon expressing these words, as an Argentine I cannot forget the gratitude that many of my countrymen feel towards the generous spirit of the Mexican democracy that in the difficult moments of our recent history opened its doors to so many by giving them a new home, sharing work with them, and helping them to maintain the best ideals and desires for the democracy that we have now recovered.

First, I wish to refer to a problem that my government gives very special priority: guaranteeing the full existence of human rights.

For several years Argentina suffered the actions of terrorist groups that gave themselves--with the arrogant characteristic of authoritarian and messianic minds--the function of deciding what type of society we Argentines should have and how it was to be achieved. They chose the path of armed violence. In this way, the vicious circle of violence was created and for more than one decade essential human rights were violated in my country.

We have begun judicial actions against the terrorist leadership and we have ordered the prosecution of the members of the military "juntas" for their responsibility in the disappearances of individuals. We have created a national commission on the disappearance of people to clarify this procedure and to draw up a report that we have already released to our people. In 4 months, 175,000 copies have been distributed.

The Supreme Council of the Armed Forces has issued rigorous orders for the preventive custody of some of the members of the "juntas" and several military chiefs. Exercising its jurisdiction, the Federal Chamber has subsequently become cognizant of the proceedings against the "juntas". Public hearings will begin in April and a final verdict will be issued at the appropriate time. Other cases are being processed in the proper judicial bodies, always respecting the principle of the appropriate judge.

I do not wish to tire the honorable congress with details of our policy. However, I do want to emphasize some of the principles upon which it is based:

--The clarification of the violation of human rights by state terrorism is a moral obligation for us before anything else. Society's ethics were affected by this and we have a moral duty to help restore them.

--The investigation and determination of penal responsibilities belongs exclusively to the judicial bodies. In Argentina we live in a legal state. We accept it and we respect it.

We are a republic.

--These principles have at least two consequences: first, we have excluded direct vengeance and the subsidiary vengeance mechanisms as a form of obtaining reparation; second, in our democratic Argentina no one is considered guilty without an explicit judicial decision. I have not hesitated nor will I hesitate to issue the appropriate measures in the face

of an incriminating judicial decision; however, I will firmly maintain the principle that no one is guilty until this is decided in a judicial manner. The thousands and thousands of disappeared people were the victims of those who violated that fundamental principle.

Honorable legislators: Peoples and governments, like men, cannot live without a memory. Neither can they exist without planning for the future. My government has not only looked at the past, but it is also concerned about the current and future respect for human rights.

The Executive Branch has submitted several bills to Congress--promptly passed into law--to protect the constitutional order and democratic life, to amend the penal code in matters related to torture (making the sentence of the torturer equal to that of a murder), to shorten sentences that were issued from 24 March 1976 to 10 December 1983; and to reform the penal code regarding provisional sentences and relapses and amendments to the military justice law. The Executive Branch has also submitted to Congress several bills on the elimination of all forms of discrimination and respect for conscientious objectors. We have also signed the San Juan [as published] Pact of Costa Rica and a protocol by which Argentina accepts the obligatory jurisdiction of the Inter-American Human Rights Tribunal.

We have great respect for laws, but we also know that they are worthless unless we have the conditions to implement them effectively. We have made great advances in this respect. For the first time in 16 years we have had a year without a political crime; we have eradicated torture; we have guaranteed freedom of expression and democratic labor organization; we have opposed and will continue opposing all forms of corruption in the exercise of government; and we have guaranteed all citizens--without distinction of class--the full exercise of constitutional rights and guarantees. I wish to emphasize that in this crusade my government has the democratic citizens' full support. Every democratic Argentine --disregarding party affiliation--today agrees on several fundamental issues: in Argentina there is no place today or in the future for messianism, for illegal governments, for violation of human rights, for revenge, or for injustice. We are fulfilling to the letter the promise we made to the Argentine people. We are not alone in this: the democratic citizens of our country and the democratic countries of the world are supporting us.

Congressmen: During the difficult days, Mexico offered us its hospitality. It was not the first nor will it be the last time in our common history that Mexico has established a precedent of genuine americanism.

Our hearts are still vibrating with sincere appreciation for the unwavering support that your people and government have expressed in favor of our historical claim over the Malvinas Islands, a claim on which we are working, with the support of the Latin American countries, to obtain a peaceful and negotiated solution which will permit us to recover our sovereignty over that portion of Argentine territory of which we were unjustly and illegally deprived.

Although we are far apart in the American continent geographically, the facts I have just mentioned are definite evidence of the ties which throughout our history have strengthened this relationship so important to my country's foreign policy. We have renewed our hopes to strengthen and expand our relations.

Throughout 1984, especially after President de la Madrid's visit to our country at the beginning of his administration, the foundations were established to reactivate various issues of common interests, which has permitted us to reach important agreements in the political economic, commercial, technological, and cultural aspects.

Mexico and Argentina wish to demonstrate in this joint effort the favorable results of interregional cooperation when the problems resulting from reciprocal relations are faced firmly and with courage.

An intelligent cooperation, apart from all hegemonic ambitions or forming of blocs, is the solid foundation for a joint growth benefiting every country and bringing a stabilizing effect to our region in this hour of crisis which is trying us severely.

We are convinced of Latin America's irrenounceable support before the international community, and we have found in the Mexican Government a definite similarity of concerns.

Inspired by the ideal of democracy, our countries are struggling to build a harmonious, just, and equitable society in which man will not only be safe from abuses of power but will be allowed full development through a dignified life.

However, carrying out this plan of social justice in America today has proven to be a task of titanic proportions, placing us before a crucial challenge and threat to our future.

Despite material development and progress by industrialized countries, where technology has made advances that challenge the imagination, a large sector of mankind is excluded from these benefits, still walking along the path of underdevelopment, malnutrition, illiteracy, and poverty.

Latin America, a promising continent and land, has endured very difficult hours politically and economically, despite tremendous efforts by its peoples and governments toward development and stability.

Our continent is threatened by political conflicts and deep economic crises, jeopardizing regional peace and stability which we need to reach our goal of harmonious growth.

Latin America's debt has reached an unprecedented level, which is threatening our potential for development and our capability to answer the people's just demands for a worthy standard of living.

The current conditions of the international financing market, the high interest rates, and the reduction of credit lines and available international aid have resulted in a drop in the level of investments and a substantial drop in growth rates.

We must recall that this economic situation is part of an international commercial recession, made worse by the industrialized countries decision to apply protectionist measures restricting the access to other markets.

As I refer to these issues I must stress that I am not just mentioning financial technicalities to be strictly analyzed by an economic cabinet.

For Latin America these are vital issues, linked to levels of subsistence and to the social and political fate of our nations: we are talking about bread, work, and the future of millions of Latin Americans.

In other words, the foreign debt issue, the economic crisis affecting us, and the unjust structure of the international economic order affect our continent's socio-political balance, its security, and our people's destiny and subsistence.

This threatening situation, determined by trends which are not simply sporadic but which, on the contrary, are threatening to become a structural part of our reality, demands a political response beyond the strict, orthodox economic formulas with which we are pretending to face it.

The foreign debt problem can be solved only through a constructive, responsible dialogue between creditor and debtor countries and international financing organizations.

Latin America is aware that it must bear this crisis and make efforts for solutions to overcome it. These efforts, however, will never be made at the price of either becoming dependent nations, both politically and economically, or having our peoples submerged in poverty and hopelessness.

The size and nature of the problem, for which we Latin American countries are not responsible alone, has convinced us that no individual solutions are possible but that a joint effort is in order.

Although they represent a step forward, the negotiations carried out so far with the most important financial centers have not facilitated the emergence of lasting solutions.

For this reason, I want to express my conviction that there will not be an equitable solution if we do not succeed in establishing a sincere, open dialogue with the creditor countries' governments to discuss this problem in perspective. If this appeal for a dialogue is ignored, the entire region's future will depend on economic, financial, political, and social instability.

As Latin Americans we are genuinely concerned about political conflicts such as the one affecting the Central American region.

We do not think there is a simple explanation for Central America's crucial situation. We do, however, believe that the solution to the problem should be basically a Latin American one. Through a broad dialogue process such a solution should take into consideration every region's particular needs.

The only other alternative would be violence, which would further worsen the current problem, paving the way for a sequel of totally unpredictable conflicts that could have dangerous consequences for the whole continent.

With all our strength we must prevent the acute development problems, as well as those caused by our lack of stable political and economic structures in the region, from becoming--by their own momentum--pawns on a chessboard where our interests are not precisely at stake. [sentence as published]

In the face of this circumstance we reiterate our support and encouragement to the generous and persistent effort that Mexico, along with Panama, Colombia, and Venezuela has been carrying out within the Contadora Group to find a solution to the region's difficult problems.

Less than a week ago I explained to the U.S. Congress the criteria upon which the search for a stable peace in the Central American countries should be based. These were:

First: Respect for the principle of self-determination of peoples in accordance with the conditions that current international law recognizes, as expressed through the freely expressed will of the majority.

Second: Full existence of pluralistic democracies.

Third: The territorial integrity of each country and nonintervention by any of them in the domestic affairs of others. In our view, these principles should be universally applied. In other words, it should not mean that some countries maintain the principle of nonintervention while the intervention of other countries is accepted.

Fourth: Noninterference, of any nature, among the countries of the region must be specifically guaranteed.

Fifth: There must be no military installations or mechanisms that threaten the security of all our countries.

Messrs legislators:

We are living in difficult times.

We are facing a changing world. The last decade's events have definitely broken the international order that emerged after the last world war. The events we have endured have severely endangered our ideals of peace, justice, and harmony among peoples.

A feeling of sincere discouragement and frustration affects our actions in a world that has deeply changed the scale of existing values and known ideologies.

The border between peace and war grows more precarious every day, and the accumulation of armaments in this race to the supremacy of power through the balance of forces has placed us at the edge of an abyss of destruction that, if crossed, could mean the very end of a man in this planet.

This circumstances places on our shoulders a redoubled task: to convey a positive sign of action to our peoples and each of our countrymen and thus instill faith in the fullest meaning of their destiny.

The defense of peace and the eradication of the specter of war, an immemorial struggle of man on earth, now have special importance.

This concern for peace and disarmament, for the prevalence of reason that we advocate springs from the belief that we must concentrate all our efforts on the consolidation of freedom, development, and the well-being of peoples, because the real strength of a nation is based on them.

Our proposal favors the peace created by work and development. It does not favor an alleged or uncertain peace created by a vigil with weapons.

Inspired by these ideas, along with President de la Madrid and the heads of government of India, Greece, Sweden, and Tanzania, we have recently issued the New Delhi Appeal, expressing our deep concern over the current situation and defending the right to life.

For Latin America, peace and disarmament are indissolubly linked to the consolidation of democracy, freedom, and the economic development of the region.

Messrs:

Latin America faces a challenge for the development of its many riches in favor of the well-being of our peoples and the greatness of our nations.

This struggle and the victory in that struggle will be possible only through a true ask of integration that will make America a great homeland. We must remember that our peoples became independent in the midst of difficulties that would have been insurmountable obstacles for all of those who, unlike our forefathers, were not tempered by a deep love for freedom.

Let that example now be a model for this struggle for the well-being and progress of the American peoples, inspired in a true love for peace.

That is our hope and our conviction. That will also be our victory.

Thank you.

CSO: 3348/555

INTER-AMERICAN AFFAIRS

URUGUAY PROTESTS BRAZILIAN SETTLEMENT IN BORDER AREA

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Mar 85 p 2

[Text] The prefect of the Department of Rivera (as the administrative regions of Uruguay are called), Altivo Esteves, yesterday confirmed that the Municipal Chamber intends to obtain an official protest from the government to Brazilian authorities against the establishment of a village by people from Rio Grande do Sul in an area of 22,000 hectares, which the Uruguayans have claimed since 1851. According to him, a document on the subject has already been sent to President Julio Maria Sanguinetti, Minister of foreign affairs, Ramon Iglesias, and Deputy Cabaler Vieira.

The Department of Rivera borders on the Rio Grande do Sul municipality of Santana do Livramento. The capital of the department itself, which is also named Rivera, is a continuation of the Brazilian city and only the roadway of an avenue marks the border between the two countries. West of the two cities, the border line, which runs in an east to west direction in almost all its length, drops southward, forming a sort of enclave in a closed angle of Brazilian territory in Uruguayan land. It is precisely part of this enclave which the Uruguayans claim as part of their national territory.

The argument is ancient. Altivo Esteves argues that in the last century, when the governments of the two countries drew the borderline on maps, it was established that in that region Brazilian territory would have its furthest southern limits at a stream known as Invernada. In 1851, when the Joint Demarcation Commission went into the field to mark the borders, the Brazilians took another stream to the south, known by the Uruguayans as Maneco Stream, for the Invernada Stream, leaving the real stream used to mark the borders in the negotiations, in Brazilian territory. The Uruguayans protested but were not heeded. In 1934, says the prefect of Rivera, a new diplomatic protest was made by Uruguayan authorities to Brazil and the matter was left for discussion later. Actually, at no time did the Uruguayans occupy the 22,000 hectares they are now claiming.

The prefect (appointed because the city is considered an area of national security) of Santana do Livramento, Guilherme Bassedas Costa, declares that he has never heard any official talk, either before or now, of that Uruguayan claim. For him the valid borders of his city, occupied before 1851 by Brazilians, are the borders established that year. According to him,

the area in question has for decades been the property of the Albornoz family, traditionally of that region, and the Uruguayans never questioned that.

Altivo Esteves explained that for the community of Rivera the problem acquires a different form because Prefect Costa is building a village where before there were only three commercial buildings. The prefect himself confirms he has already built a school, a police station and a community hall, and has laid out 80 residential and commercial lots in an area of 13 hectares to be occupied by rural workers of the region. He has installed light and water systems and has already granted three lots in commodatum in the area that will be commercial and five in the residential area. Four houses were built and are occupied, two of them residential and two commercial. The village, baptized with the name of the patriarch of the Albornoz family, Tomas Vares Albornoz, has approximately 20 inhabitants and another two houses are under construction.

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ARGENTINA

FARM SECTOR CONFRONTS GOVERNMENT ON AGRICULTURAL POLICIES

Tensions Steadily Increasing

Buenos Aires EL ECONOMISTA in Spanish 1 Mar 85 p 9

[Article by Carlos Tofanelli]

[Text] In recent days, a perceptible deterioration has been seen in the relations between business bodies and the government, despite the transfer of economic leadership which occurred last week and the attitude of the new minister in favor of dialogue with the various sectors.

It is in the farm sector that the confrontation between the government and business has had the most drastic connotations, as a result of the protests involving direct action measures, which have begun to intensify in recent days. By way of background, it should be remembered that in the early weeks of the year, such events as the march of the garlic growers, the mobilization by the tobacco producers in Salta, with their vehicles, the gathering and mobilization of fruit and vegetable crop producers in Mendoza, the parking of their vehicles in front of financial bodies by the fruit growers of Rio Negro and Neuquen, and the blocking of thoroughfares by the small producers of sugar and cotton in Tucuman and Chaco, have occurred.

Measures involving this type of "direct action" have intensified in recent days with the mobilization of barricades effected by rural producers in San Antonio de Areco, in the province of Buenos Aires. These measures are similar to those adopted by the Santa Fe producers in the locality of Alcorta, and the decision by producers in various parts of Cordoba not to pay any taxes until substantial aspects of the farm policy are modified.

Aware of this situation, the president of the nation himself met with officials of the CONTINAGRO [Agricultural-Livestock Intercooperative Confederation], the association of cooperatives organizations, to hear their demands, while the head of the Agriculture and Livestock Secretariat, recently confirmed in his post by Minister Juan Sourrouille, met this week with the officials of the Argentine Rural Society, the Argentine Rural Confederations (CRA) and the Argentine Agrarian Federation (FAA), as well as cooperative members, to set forth the readiness of the government to listen to their

demands, but not to yield to the pressures exerted through direct action measures. Within this context, the decision by the CRA to endorse the active protest of its representatives and the statements by Humberto Volando, the farm leader closest to the government, protesting the "unfulfilled promises," reveal the difficulties encountered in official efforts designed to prevent relations with the farm sector from deteriorating.

In the industrial sector, the situation was set forth by the Argentine Industrial Union (UIA), which presented to the "group of 11," made up of the 10 business bodies which participated in the "round-table agreement" and the CGT [General Confederation of Labor], a document critical of the work done by the government to reconcile the sectorial proposals with the medium-range plan submitted some weeks ago by the former secretary of planning, who is currently minister of economy. The UIA document contains a direct criticism of the so-called "Sourrouille plan," asserting that it will mean elimination of 40,000 jobs in the industrial sector in the next 4 years. The position adopted by the UIA with regard to the concepts of the new head of the economic ministry represents a significant setback for the plans of Sourrouille for dialogue with businessmen.

In the commercial sector, the deterioration in the relations between the government and business bodies has been revealed by the Union of Argentine Commercial Organizations (UDECA), a body of a liberal inclination which until a few days ago maintained an attitude of relative support of the economic leadership and a position critical of the agreements reached between the CGT and business organizations within the context of seeking harmony. This organization has now issued a markedly critical document on economic policy, according to which this organization, which represents large commercial enterprises, has come to agree with the position assumed in January by the Coordinating Agency for Mercantile Activities (CAME), which in turn represents enterprises in the middle and small sectors.

In the financial sector, the proposed reform which would call for closing 800 branch offices, along with the removal of the president of the Central Bank, Dr Enrique García Vazquez, has also led to a deterioration in the relations between the government and organizations in the sector. In this connection, the position adopted by the Association of Argentine Banks (ADEBA) and the Association of Banks in the Argentine Republic (ABRA) with regard to the financial reform being debated, which can be described as critical, stands out.

Within this framework, the new minister of economy and the team supporting him in the Secretariat of Planning and Economic Coordination will have to make additional efforts in the political sector to bring about a change of attitude among the business groups with regard to the government economic policy, since the proposed "adjustment with expansion" which is the "axis" of the so-called Sourrouille plan necessarily requires the active and forceful participation of the business sector, above all in the first stage, where sacrifices will inevitably be needed.

### Future Protests Contemplated

Buenos Aires LA NACION in Spanish 15 Mar 85 p 8

[Text] "The producers will adopt direct action measures if the national government does not provide, prior to next Wednesday, the answers needed to reverse the serious situation of economic breakdown from which farm activity is currently suffering," Raul Romero Feris, president of the Argentine Rural Confederations, said during a press conference yesterday. Officials of that organization were at his side.

He also said that he could not say what the measures which would be adopted if the government rejects the demands would be, but said he could indeed confirm that the body he heads is analyzing such a response.

He then went on to say that the recent attitudes adopted by his organization in defense of the legitimate rights of the producers "do not mean that the dialogue with the government has been definitively cut short," although he emphasized that the talks over which Secretary of Crop Raising and Livestock Breeding Lucio Reca presided concerning the workability of the PRONACRO "have ceased to be useful." He also said that the dialogue between the CRA and the Secretariat of Agriculture has ceased to be productive.

He furthermore indicated that there was a feeling of sadness among the producers at the words spoken by President Alfonsin condemning the mobilization, which they regarded as unjust because the protest last Wednesday developed at the express desire of the base levels, rather than any political group. And above all, subversive intentions had nothing to do with its purpose.

In this connection, a statement was distributed at the conclusion of the press conference broadly stressing the reasons for the demand and the negative attitude of the government with regard to the policy being pursued in farm matters.

### Violation of Rights

Romero Feris also stated during his press conference that the national government has violated constitutional precepts by using force to prevent a production sector, agriculture, from freely petitioning, as the national constitution stipulates it may do. He added that if indeed the police forces acted properly, mention of the fact that producers were prevented from traveling freely throughout the country could not be omitted, demonstrating not only flagrant ignorance of our rights, but also a disturbing partiality, since the governing party can utilize public thoroughfares for its ceremonies whenever it wants, and nobody, "much less the police," interferes.

In conclusion, after criticizing the attitude of the government in the province of Buenos Aires in terms of the repressive steps taken against the producers, he said that the police forces used to prevent the march toward Buenos Aires were the largest in history since the deployment in connection with the visit paid to the country by Pope John Paul II.

### Serious Error

In the document distributed, the CRA said that the attitude of the government in preventing the gathering of producers "on the basis of a formidable deployment of police troops is regrettable."

"This serious error," it went on to say, "was aggravated by charges as false as they were unmerited, which only added to a bitter contempt, even for the historic principles of the centenary party in government power."

It went on to say that "it is impossible to conceal the harm done by those who, surrounding the president of the nation with intentionally distorted facts for consideration in order to justify their own demonstrated incompetence, led the chief of state to make an erroneous interpretation both of the true state of mind prevailing in the rural community and the absolutely genuine reasons which led to an unprecedented mobilization, an interpretation serving as a truth overriding ridiculously tendentious arguments to discredit the notable strength acquired by the agrarian demands." Elsewhere the document criticized the fact that the effort put forth to repress the demonstration was not made for more useful purposes, such as eliminating speculation, rehabilitating production and releasing the brakes hindering progress.

### Plan of Action

The CRA stressed that a plan of action "inspired solely by the legitimate right of the rural sector to continue to combat lack of understanding and delay, whatever garb they may wear," is under study.

Finally, the CRA "believes that the democracy recovered once and for all will be enriched if the national government allowed a serious and firm change of direction, since neither delays nor excuses, much less still gratuitous harm, can any longer suffice to defend what is indefensible."

### Agrarian Official Warns Government

Buenos Aires LA NACION in Spanish 15 Mar 85 p 8

[Text] Resistencia--The head of the Argentine Agrarian Federation, Humberto Volando, has warned the national government that "if necessary, we will make the foundations of the republic tremble so that the government will hear us and make the proper change of direction." He made this statement while speaking to the agrarian rally held in Saenz Pena, at which the organizations represented in the CONINAGRO and the FAA lashed out at the national authorities for failing to keep their promise to establish a just price for cotton.

Volando, speaking to some 3000 producers and representatives of political parties, said that "it is necessary to make basic changes, because the structure as it now exists, however much we may try to perfect it, is no longer adequate. Its usefulness is over." He added that "there is no credit for agriculture. And this problem cannot be resolved by employing one person

more or less at the banks. The financial policy must be amended so that the little money which remains will be placed in the service of those who produce."

He also lashed out at the tax system, which he termed "one of the worst in the world" because "here it is only the little people who continue to pay taxes. The money does not reach the nation and the provinces and as a result they continue to squeeze us, failing to understand that many producers are not paying their taxes because there is no longer any yield. This tax reform is essential, but it is a year now that we have been waiting for it."

He then said that "we will continue to wage the battle, and if necessary we will hold 50 more rallies like this one. And if necessary we will make the foundations of the republic tremble so that the government will hear us and make the proper change of direction. And we will not be fearful if we have to do this because our demands are absolutely legitimate. We will do this not only to have a peso in our pockets but also because the entire country is demanding a profound change in the national agrarian policy."

The gathering was attended by the undersecretary of agriculture for the nation, Norberto Passini, who was loudly booed by the demonstrators when he sought to speak, in particular when he announced measures concerning cotton which displeased the producers.

The leader of the La Union Cooperative made it clear, speaking to the representatives of the justicialist, radical and other political groups, that "we producers will not allow anything or anyone to derive any kind of political profit from what we are doing today." The vice president of the CONINAGRO, Orlando Gilardoni, said for his part that "we must get the economy of the country moving. A country cannot continue, as ours has, without a clearly defined economic program, because each of the sectors must know the role it will have to play."

#### Passini's Statement

Undersecretary Passini, in the course of his statement, announced the establishment of a minimum price of 70 pesos per kilogram of raw cotton, which amounts to 70,000 pesos per ton. The farmers rejected this price. Passini gave assurance that the price will be "adjustable whenever necessary," and he also went on to say that next week, the Bank of the Nation will make 1.2 billion pesos available to cotton growers for the marketing of the harvest.

He also said that it was impossible for the national government to establish a support price, since the needed funds and the body which would have to regulate the amounts were lacking.

5157

CSO: 3348/494

ARGENTINA

YOUTH MOVEMENT SEEKS TO DEFINE ITS POLITICAL ROLE

MOJUPO Status Analyzed

Buenos Aires LA RAZON in Spanish 21 Feb 85 p 17

[Article by Diego Giudice: "Discussion of the Role of Political Youth"]

[Text] The Political Youth Movement (MOJUPO), which has held plenary sessions approximately every 15 days since its establishment in May of 1983, has not held such a session since last December.

This, added to the fact that the last mobilization sponsored by the association of young people in 10 political parties took place on 22 June of last year, is currently giving rise to various reports about the presumed intentions of certain sectors which want to "freeze" the movement, or at least to slow the rate of its activities.

Because of these reports and in order to establish the present status of the MOJUPO, LA RAZON consulted the leaders of the three main forces comprising the movement: the Radical Youth, Peronist Youth and Intransigent Youth.

"For us, the MOJUPO is a superstructural mechanism available to Argentine youth for the reconciliation of united interests and action concerning the reality when all of the forces agree," Rodolfo Escalada, political relations secretary of the Radical Youth in the capital, and a metropolitan council member, explained. "It would be laughable to suppose that there should be an institutional mechanism which would begin to operate whenever something happens in the country, because each party has a different interpretation of events, and these situational discussions would be exhausting," this leader said.

Apart from dismissing the idea that the Radical Youth want to "freeze" the MOJUPO, since "we were the creators of this movement," Escalada said that the association is "for major national issues" and that there is "no reason to utilize it for every little matter."

With regard to the street demonstrations carried out by the MOJUPO, the radical leader warned of the deterioration which could result from the "infantile attitude of organizing mobilizations for any old reason," adding further that "unity on the lower level will result in a long process of reconciliation of similar interests."

In the view of Pablo Unamuno, leader of the Unified Peronist Youth, on the other hand, it is urgent that the MOJUPO be "revitalized," setting aside "the government-opposition dichotomy, since we must rise above these things to assume the leadership of the demands of the Argentine people and disrupt the present enemies, which are the financial fatherland and the repressive apparatus which has still not been totally dismantled."

Unamuno gave assurance that the greatest difficulties in achieving agreement among the forces participating in the movement have to do with the "program content we must give this unity so that the MOJUPO will not be simply a passive stamp, but an alternative with appeal to the youth of Argentina." Concerning the possibility of overcoming these difficulties, he said he is "optimistic," because "we must have imagination enough to measure up to the crisis the country is experiencing." In addition he expressed confidence that the Radical Youth "will understand the expectations of their social base."

The leader said that a plenary session for youth is expected to be held within 15 days, prior to which "we are holding bilateral meetings to smooth away the rough edges, above all in the description of the economic crisis, on how to consolidate democracy and the methods to be used. We believe that mobilization is the best tool, but mistrust has been stirred up against the radicals. We must have this debate settled before March."

In addition to the gathering of signatures for the so-called "democratic compromise," which was begun last year and is still under way, the MOJUPO is scheduled to participate in various events this year, including the International Youth Festival which will be held in Moscow toward the middle of the year, and a gathering of Latin American youth in Buenos Aires, which the association has approved.

To these undertakings, two others, not yet approved but proposed by the Intransigent Youth, could be added. They are an expression of solidarity with the earthquake victims in Mendoza, and educational activities in connection with the coming 24 March anniversary of the last military coup.

Concerning the nature of these activities, Alejandro Barthe, the leader of the Intransigent Youth, explained that "they are designed to implement the minimal agreements possible with a view to a gradual increase in depth, so that the MOJUPO can again become what it was before, that is a mobilizing and attractive mechanism, so that Argentine youth will not sink into skepticism."

"We aspire to establish various levels of participation," Barthe said. He mentioned that the MOJUPO "has completed one stage, and now it is necessary to redefine our role. We refuse to be only a committee for praise which issues a statement on every important date, but only that. But let it be clear," the leader said, "that at no time has anyone suggested that the MOJUPO be dissolved or that a parallel body be created, as I have already heard it said. Instead we plan to return to it its previous dynamism."

Revitalization Planned

Buenos Aires LA VOZ in Spanish 21 Feb 85 p 7

[Text] Oscar Laborde, a member of the Central Committee of the Communist Youth Federation (FJC), discussed the status of the Political Youth Movement with LA VOZ. He dismissed reports referring to a possible schism within it, and gave assurance that there are currently only different positions about how the group can collaborate in this situation with the national and social liberation project, without any threat at all to its continuity.

This youth leader also said that 1985 looks like a "complicated" year for the MOJUPO because of the holding of legislative elections, but he predicted that the "collective functioning" of the organization will be consolidated nonetheless.

Laborde explained that the differences in approach have existed since the time when the 10 different political forces sat down at the discussion table, but he gave assurance that this does not in any way point to a possibility of "schism" within the youth bloc. He stressed further that there is, for example, a "solid agreement" on international issues, since the MOJUPO is participating, along with other organizations, in the national preparations commission for the youth festival which will be held in Moscow next July.

On the other hand, he indicated that while there are examples of important agreements among all the members on such subjects as the trial of the military juntas scheduled for April, there is a concrete possibility for analysis in another connection of those more complicated issues on which there is not a consensus of all of the political forces.

"The one thing does not exclude the other," Laborde maintained, "since the need to maintain unity does not entail rejection of other types of activity designed to pursue the path of national liberation further."

He also expressed the view that there are "political definitions which cannot be ignored" and which are contained in the program of action of the MOJUPO, indicating as the enemies of the Argentine people "the oligarchy, imperialism and the financial fatherland," as well as advocating the defense of national unity and international solidarity with the peoples of Latin America, within the framework of the liberation-dependence alternative.

Laborde then went on to explain that the apparent current "suspension" of the MOJUPO is not that, since during these months of off-season recess, work is being done on preparations for the Moscow festival, and political agreements have been reached within the Argentine University Federation (FUA). "What is happening is that we are not engaging in public activities, but nonetheless we are working," he said.

Later, this member of the FJC said that the national MOJUPO makes possible the existence of more than 300 similar local and regional organizations throughout the country, which have achieved such a degree of independence as to "exceed

the plans" of the national organization. In this connection Laborde cited the example of Santa Fe, where there are 15 youth groups which are organizing an imminent multisectorial provincial gathering of the youth in Santa Fe.

Concerning the activities of the FJC for this year, Laborde said that one of the main tasks has been the work of the General San Martin Brigade Members Movement, representatives of which will arrive simultaneously on 1 March from Nicaragua, Formosa and Mendoza, to be welcomed in a ceremony to be held in the Plaza de la Republica in this capital city.

Another of the tasks which the FEDE [Student Federation] will undertake in 1985 will be the continued "struggle for the establishment of the national and social liberation front" as the sole valid alternative for dealing with the Argentine crisis.

5157

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ARGENTINA

CARRANZA ANNOUNCES QUEQUEN PORT MODERNIZATION PROJECT

Buenos Aires LA VOZ in Spanish 1 Mar 85 p 9

[Text] Necochea--At a cost of \$7 million, the capacity of the port of Quequen to export grains and byproducts will be increased from 2 million to 4 million tons per year by means of short-term construction projects, announced Minister of Public Works and Services Roque Carranza.

Accompanied by Vice Governor Elva Roulet, national and provincial officials, and the mayors of towns within the local area of influence in Buenos Aires, the head of the Ministry of Public Works and Services (MOSP) stressed the importance of the government's decision. This move comes in the wake of similar decisions made recently with regard to the port of Ingeniero White, which will shape Argentina's future.

At a press conference, Carranza predicted that "operations at the port of Quequen will be modernized rapidly through construction projects that will raise from 2 million to 4 million tons the yearly total of grain and byproducts exports that pass through that port complex. The projects will require an investment equivalent to \$7 million."

Roulet, in turn, stated that "the projects the nation will carry out through the Ministry of Public Works and Services to revitalize our ports will receive the full support of the government of the province of Buenos Aires."

After stating that projects will be undertaken in the ports of La Plata, Bahia Blanca, Mar del Plata and Quequen, she stressed that "these efforts will also benefit the province by enabling cargo ships to leave rapidly for foreign markets."

Carranza asserted that the modernization of the port at Quequen will be carried out with the national administration's own funds this year, which will make it possible to equip the port to accomodate the 1985/86 grain harvest.

The short-term investments will allow for proper preparations for medium- and long-term investments, which in the case of Quequen involve a new breakwater, dredging, and the removal of sunken hulls.

The contracts that will be awarded (bidding has already taken place) are for the construction of two "dawn" vessels and two mooring walls so that after the transfer of fishing vessels that have been legally interdicted, ships up to 220 meters long can operate in the outer port.

The projects to be carried out include three dolphins, two loading platforms and two mooring walls that will enable ships up to 220 meters long to tie up for direct loading from the dock, with a draft of 30/32 feet in the Site 1 sector.

The minister of public works and services indicated that this year bidding will take place on the construction of a dual access to the terminal elevator, the overall improvement of the railroad network, and the construction of a hiring hall for stevedores and sanitary facilities.

He also explained that when the railroad projects to supply the cooperatives' silos are completed, the silos will be able to handle shipments of up to 1.7 million tons of grains and agricultural byproducts each year.

Finally, the minister stated that in the port of Quequen, ocean-going vessels may operate simultaneously.

Although most of the port revitalization projects were contained in the government's plans, the new economic team's decision to increase agricultural exports by a considerable amount in order to meet the foreign debt provided a new impetus to carry out this work.

8926

CSO: 3348/491

ARGENTINA

## RIO NEGRO PROVINCE BECOMES MAJOR FRUIT EXPORTER

Buenos Aires LA VOZ in Spanish 1 Mar 85 p 9

[Text] Viedma--On 27 February 1983, the Soviet ship "Kandava" left its mooring at the port of San Antonio Este in the province of Rio Negro, on the Gulf of San Matias.

The shipment of 160,000 crates of fruit from Rio Negro in the hold of the Russian ship marked the beginning of the historic and far-reaching program to export products from the Rio Negro maritime station.

During that first season--the port began operations that very month of February 1983--a total of 4 million crates of pears and apples was shipped, accounting for 60 percent of the fruit exports that left Rio Negro by sea.

Thus, Rio Negro was able to experience the thrill of sending its products all over the world, with the added benefit of the highly significant foreign exchange earnings for the country and the region.

A few weeks ago, the first shipments of the fruit harvested in the 1984-85 season were loaded; the steamship "Atlantic" was the first to take off, on Friday 8 February, with 73,000 crates of pears headed for Rotterdam (Holland) and Hamburg (Germany).

Then operations continued with the vessels "Nordic" (147,000 crates for Sovona, Italy and Marseilles, France); "Nyantic" (75,000 crates of pears and 65,000 of apples, for Rotterdam); and "Acacia Tree," which left last Sunday with 54,000 crates of apples and 2,200 of pears for Drammen (Norway), and 105,000 crates of apples and 16,000 of pears for Malmo (Sweden).

Now the "Jadran Frigo," which will take some 170,000 crates to European ports, the "Frio Aegeabn" and the "Lloyd Eage" are waiting in Rada.

Four ships have already taken a total of 538,457 crates of Rio Negro's finest fruit, which means that the port of San Antonio Este this year will probably surpass the totals of previous years.

The figures leave no room for doubt; it is convenient to export through the port of San Antonio Este, and that convenience applies not only to fruit but also, as was proven last year, to a wide variety of products.

Here lies the key to the port's future: the certainty that it will be able to operate year-round. Plans are already being made in Neuquen to bring products from the neighboring province to San Antonio Este for export.

There are still more ambitious plans as well. The minister of government of Rio Negro, Horacio Massaccesi, recently made a trip to Chile to establish trade contacts. There, across the Andes, products are made that could be marketed in Europe.

Chile may be offered an outlet to the Atlantic through the port of San Antonio Este, and it can provide us with an outlet to the Pacific through its ports.

8926

CSO: 3348/491

ARGENTINA

GRAIN OFFICIALS WEIGH EFFECTS OF PORT EXPLOSION INCIDENT

Buenos Aires LA NACION in Spanish 14 Mar 85 p 7

[Text] The catastrophe that took place early yesterday morning in the port of Bahia Blanca will certainly have great repercussions in operations there, and possibly in market prices.

With regard to the latter point, however, grain marketing sources are cautious, noting that any effect on prices will not occur until the extent of the damages has been determined and the ultimate effect on the port's operations is assessed. For the present, several alternatives that could mitigate the loss of the Grain Board's Elevator 5 have been pointed out. This elevator, the only one that can receive trucks, was completely destroyed.

The Grain Export Center, in a note sent yesterday to the National Grain Board, urgently requested a meeting with officials of that entity to study the situation in detail. It also made a series of requests to deal with the problems that will arise.

These requests include permitting the use of the facilities at Puerto Galvan by the private sector, and dredging access to that port; authorizing as much as possible the use of the Navy's docks at the base in Puerto Belgrano for the direct loading of goods; authorizing the filling of holds at Site 9 in Bahia Blanca, which is the deepest facility in the country; authorizing direct loading onto steamships from trucks until the necessary repairs are made for normal operations; diverting some ships that are now waiting, to the port of Necochea; expanding the hours of operations at the port of Buenos Aires; dredging out the Mitre channel on an emergency basis with the Nueva York dredger; authorizing the chartering of foreign ferries; and using the port of Montevideo and other Uruguayan ports for loading or filling ships from barges and launches.

It should be noted that approximately 30 percent of the loading capacity of the Bahia Blanca complex was damaged in the explosion and fire; that capacity was estimated at about 30,000 tons per day this season. The incapacitation of Site 9 represents a drop of 12,000 tons per day in capacity.

The Grain Board was studying yesterday several alternatives for making up that capacity, including direct loading from trucks if the dock was not damaged, and if other conditions allow it. This would recover 5,000 tons of capacity,

and a similar amount could be added if the same method could be used with the dock at the superfactory that is being built nearby by the Buenos Aires Energy Office; it also has a depth of 40 feet.

Given the situation of the rivers, which encounter a serious bottleneck at the outlet channels that feed into the River Plate, and given the reduced operations at the port of Buenos Aires, Bahia Blanca had become the principal port for wheat exports. It accounted for 31 percent of all shipments of that grain to foreign countries in the first 2 months of this year. In terms of the movement of all grains last year, excluding byproducts, it handled 21.86 percent of the total, 4,512,944 tons out of a total of 20,641,000.

In recent times, most of the ships that arrived in Bahia Blanca were to take shipments to Russia, which yesterday resumed its wheat purchases from the United States, despite the problems that have arisen in the quality of the grain grown in that country. It was reported that the Soviet ports have a limited capacity to handle incoming goods, so they must schedule shipments very carefully to keep their market supplied; they cannot tolerate the longer delays that will reportedly occur in Bahia Blanca.

The impact of the aforementioned loss of loading capacity on coarse grain exports has not yet been determined. That port is used primarily for shipping the late sorghum harvest, beginning in May, and it is expected that by that time the necessary measures will have been taken to alleviate the situation, at least partially, to avert any adverse impact on prices.

8926  
CSO: 3348/491

ARGENTINA

TECHNOLOGY IMPORTS ESTIMATED AT 3.3 PERCENT OF GDP

Buenos Aires LA PRENSA in Spanish 6 Mar 85 p 8

[Text] Between 1977 and 1983, Argentina spent \$2.08 billion importing technology and, despite the major drop in the industrial GDP during those years, the outlay for foreign technology increased nine times, according to a soon-to-be-published study done by the Secretariat of Science and Technology (SECYT) and the National Institute of Industrial Technology (INTI).

In addition, liberalization of the imported technology market starting in 1977 and the halving of duty on such operations meant that between 1978 and 1983, the treasury lost a sum of approximately \$435.3 million.

The study reveals that starting in 1981, "when the recession reached a peak in Argentina, the amount of payments for imported technology almost doubled those of Brazil."

The sum of such payments is considered to be "of great concern when compared with that of other Latin American countries." It is emphasized that Argentina spent a proportion of its industrial production on technology that was ten times greater than that of Brazil.

In this connection, between 1981 and 1983, our country used 3.3 percent of its industrial GDP on technology, while that proportion was only .33 percent in Brazil.

Foreign Exchange Drain

The research done by SECYT and INTI was coordinated by the undersecretary of data processing and development of the former of those two organizations, Carlos Maria Correa, who told NOTICIAS ARGENTINAS that despite the vast sum involved, "there has been no genuine process of the transfer of technology, as shown by the obsolescence of the industrial sector."

"On the contrary," he added, "there has been an unjustified outlay of foreign exchange to other countries and the payment of royalties for purely commercial purposes or for the remission of profits within the context of relations between a parent company and its subsidiaries."

With respect to royalties established by contracts, the study reveals that the general rate estimated for 1977 was 3 percent, which figure increased to 4.5 percent around 1983 and 4.8 percent in the case of contracts between related enterprises.

For the 1970-1976 period, the annual outlay of foreign exchange for royalties for technology amounted to an annual average of \$69.3 million, but by 1977-1983, the average leaped to \$241 million a year, totaling \$4 million [sic] for the 1987 period, according to figures from the Central Bank.

In 1982-1983, despite the sharp recession that hit the manufacturing industry, payments for royalties amounted to \$361.1 and \$483.9 million.

In conclusion, the SECYT-INTI article emphasizes that during the 1976-1983 period, the gross industrial product dropped 19.65 percent, while royalties paid to other countries for technology increased 1,137 percent.

#### Fiscal Income

The study maintains that the figures reflect "a broader use of payments for technology as a channel for the remission of profits, with the result of major tax savings for the recipient firm and a significant transfer of income to foreign parent firms."

Regarding fiscal income from taxes on profits from the transfer of technology, the effective rate of retention applied to contracts was reduced to less than half by Law 21.617/77, set at 18 percent.

Calculating the corresponding proportions based on the total sum paid for royalties, the authors of the research came to the conclusion that in 1978-1983, the Argentine Treasury lost \$435.3 million due to the liberalization of the regulations on imported technology.

Sectorial distribution of the contracts analyzed shows that 55 percent -- with 57 percent of the total value -- corresponded to the manufacture of metal products, machinery and equipment (a category including the automobile industry) and the manufacture of chemical substances deriving from oil, rubber and plastics.

Considering the transfer of technology based on country of origin, the leader is the United States with nearly 41 percent of all transactions.

In second place is the Federal Republic of Germany, followed by France, if one considers the number of contracts, but if one goes by figures for the purchase of technology, the second supplier of products to Argentina is Switzerland.

Despite underwriting 5.47 percent of the contracts, the Swiss captured 12.87 percent of the total amount of imports.

At the other extreme, the use of technology from socialist countries was very low during the period studied, reaching only .4 percent of all transactions and equal to .5 percent of the estimated economic value.

The article emphasizes that the policy applied starting in 1977 "produced a tangible deterioration in the information bases" available to Argentine authorities, due to which figures on outlays and royalties can only be considered as a minimum, for in actual fact, they should be much higher.

The conclusion of the research is that "the system of the transfer of technology adopted since 1977 to date has caused major economic costs for the nation of a monetary and fiscal nature."

"It has permitted a spectacular increase of payments abroad for technology, especially intrafirm payments, which in no way can be attributed to a genuine importation of technical knowledge, rather, to the use of fiscal and foreign exchange advantages within a context of deindustrialization and growing technological backwardness." (NA)

11,464  
CSO: 3348/493

ARGENTINA

POLL GAUGES PUBLIC OPINION ON FOREIGN INVESTMENT

Buenos Aires LA NACION in Spanish 14 Mar 85 p 17

[Text] There is significant agreement in public opinion concerning the suitability of the entry of foreign capital, although it is also thought that developed countries achieve that very development at the cost of the exploitation of nations such as Argentina, according to the results of a national public opinion poll. The survey was conducted on the basis of questions put to citizens over the age of 18 as part of the sociological and political study by Aftalion, Mora and Araujo y Noguera (SOCMERC).

Based on the study entitled "Multinationals: Welcome or Go Home," some 47 percent of the 800 persons questioned by that company throughout the country said they totally agreed or agreed that "Argentina would benefit from the entry of foreign capital." Some 38 percent expressed disagreement and the rest did not respond.

At the same time, 63 percent were in total agreement or agreement with the statement that "the development of the European countries or the United States is the result of the exploitation of countries such as Argentina." Another 19 percent said they disagreed and the rest did not respond.

Identification of Those Polled

According to the public opinion poll, the greatest proportion of opinions totally against the entry of foreign capital and such exploitation by developed countries corresponds to the lowest social groups.

Medium-income segments had the greatest proportion of "semi-convinced," those favoring the entry of foreign capital but at the same time, claiming that the industrialized nations exploit the less industrialized such as Argentina. The high social sectors include the group of those believing that we should encourage the entry of foreign investments and not supporting the theory of exploitation.

Foreign Capital: Argentina would benefit from the entry of foreign capital.

	<u>Percent</u>
Totally agree	8
Agree	39
Disagree	35
Totally disagree	3
Do not know/no response	16
	<u>101*</u>

Exploitation of Argentina: The development of the European countries and the United States is the result of the exploitation of countries such as Argentina.

Totally agree	14
Agree	49
Disagree	18
Totally disagree	1
Do not know/no response	19
	<u>101*</u>

\* Partial figures rounded off, yielding over 100.

Source: SOC MERC

The summary of results of the survey shows that the greatest rejection of foreign capital is found in the lowest-income groups and among Peronists and leftists. The middle-income groups and Radical voters are characterized by the predominantly "semi-convinced" response, an ambiguous answer that could be summed up as "Let the capital come in even if we are exploited." The SOC MERC report states that "since the Radicals are now a majority and in government, the direction that ambivalence will go will bear great weight on the future of foreign capital in Argentina."

Finally, support for foreign capital is concentrated in the highest social sectors and voters of the far right.

#### Private Ownership of Public Enterprises

The poll also reveals that the acceptance of foreign capital is related to the idea of giving priority to the production of wealth rather than its distribution and to attitudes favorable to the private ownership of national enterprises, setting payment of the debt and closer ties with the West. In contrast, its rejection comes from the opposite postures. Debate remains open in public opinion.

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ARGENTINA

### ALSOGARAY DEMANDS SHIFT IN ECONOMIC POLICIES

Buenos Aires LA NACION in Spanish 15 Mar 85 p 10

[Text] The head of the Democratic Center Union (UCD), Deputy Alvaro Alsogaray has demanded that the government "totally replace the inflationary state-controlled system with another based on a modern market economy with monetary stability" and warned that "this solution is beginning to be adopted, even in Communist China."

Alsogaray spoke at the opening ceremony of the Accion Republicana civic center, located at 1571 Ayacucho, before some 3,000 persons who blocked that downtown thoroughfare, cutting off traffic. The meeting was attended by UCD youth, who reissued the people's positions adopted almost from the time of the creation of the group.

Thus it was that the jumping, shouted slogans and drum beats, along with the casual sporty clothes of the young people divided the crowd into two groups, with the second regularly blowing on small brass horns distributed free and with the UCD initials, "in order to offset the drum," according to sector spokesmen.

However, the outstanding ingredient was the youthful element who, with their slogans and leaps, manifested the different internal factions that make up the group, as well as their distinct forms of political expressions.

#### Analysis of Situation

Alsogaray provided the analytical aspect characteristic of the group's meetings, emphasizing the country's situation. "The economy is in the midst of a recession," he said, "and factories are being closed. Some of the bigger companies are abandoning the country. Interest is much higher than ever, despite which small and medium-size savers lost 39 percent of their capital in 1984." He also said that "speculation and the 'financial monopoly' are booming, encouraged by official measures" and "inflation has practically doubled, reaching 1,000 percent a year."

Alsogaray noted that "the cause of these evils resides in the inflationary state-controlled system, which is worn out, beyond repair or piece-meal measures." He warned that "if this system is not replaced," the situation "will continue to grow worse, and no one will be able to predict the outcome."

11,464

CSO: 3348/497

ARGENTINA

PORTNOY: LEGITIMATE FOREIGN DEBT WILL BE PAID

Buenos Aires LA NACION in Spanish 13 Mar 85 p 18

[Text] The vice president of the Central Bank told a legislative committee yesterday that the number of bank branches and the operative costs of the system must be reduced. This will be done, Dr Leopoldo Portnoy confirmed, warning that "we have never said that we would issue an order closing bank branches."

The official answered questions and met challenges from deputies Alvaro Alsogaray (UCD-capital [Democratic Center Union]), Miguel Monserrat (PI-Buenos Aires [expansion unknown]) and Jorge Matzkin (PJ-La Pampa [Justicialist Party]).

Alsogaray asked why the Monetary Regulation Account has not been eliminated, something which, according to Portnoy, will come about gradually this year. In all his comments, the official measured his words, noting that everything will have to be done gradually, "without any 180° change." If we were to proceed in that fashion, he said, "the effect would be that the system would remain as it is."

Loss of 39 Percent in Savings

Alsogaray said that "savers who have acted within the institutionalized financial market in 1984 lost 39 percent of their savings. This is absolutely critical, he maintained, "because these are the savers least able to act on the financial market and who therefore should be the most protected by the institutionalized market." The legislator added that "only people who know how to handle money well can have made profits on the market, but naturally, this is the smallest group and they have received a bonus which, in the end, is paid for by small and medium savers."

No Radical Changes

Portnoy also said that the increase in what he called "broad money" will be 280 percent in 1985.

According to Justicialist Matzkin and the intransigent Monserrat, Portnoy's words did not reveal any intention of making radical changes.

The effect among factors of monetary expansion of the Monetary Regulation Account, through which the government pays interest to the banks for deposits it has immobilized, was also discussed by the vice president of the Central Bank. He noted that in September, it reached an equivalent of 69 percent of the Treasury requirements.

#### Closing of Financial Entities

In answer to a question from Justicialist Matzkin, Portnoy revealed that there is no decision on the closing of financial entities. "We are going to continue talks with bankers in order to learn their opinions and reach a suitable agreement."

After pointing out that the cost of the Argentine financial structure is "extremely high, on the order of 28 percent of operations," he said that "the legitimate foreign debt will be paid," but not the other one, "as already stated by the president and other authorities in the economic area."

#### Meeting Today

A meeting is planned today of the Budget and Finance Committee headed by Radical Jesus Rodriguez and the ministers of economy of the provinces of Buenos Aires, Chaco, La Pampa, Chubut and San Juan, perhaps accompanied by Secretary of Finance Norberto Bertaina. Minister of Economy Juan Sourrouille will go tomorrow.

11,464  
CSO: 3348/497

ARGENTINA

FORMER GRAIN BOARD PRESIDENT ON FUTURE OF WHEAT MARKET

Buenos Aires LA NACION in Spanish 9 Mar 85 Sec 3 p 3

[Article by David Lacroze, former president of the National Grain Board]

[Text] Despite the increase in world wheat trading: from 103 million tons during the 1983-1984 season to 107 million, it is estimated that final stock from the 1984-1985 season -- an important factor in the level of future prices -- went from 101 million tons the previous year to 106 million.

As one can see, stock on hand is rising at a faster rate than the increase in trade. While the leading world producer, the United States, had a 10-percent drop in the area cultivated, from 26 to 23.4 million hectares, its crops are good and in response to the anticipated reduction in production, Canada offers the prospect of a good harvest, with some 26 million tons compared with 21 million last year.

Along with these comments on world stock and the production of two of our main competitors, the principal international factor to be taken into account in estimating the worth of Argentina wheat during the next harvest is the Soviet Union. It is estimated that Russian imports this year will exceed 50 million tons and that next year, which is what interests us, they will drop to 40 million if the trend in that country's crops continues as it has, with a good cover of snow over nearly all the winter plantings, except the zone bordering on the Black Sea, due to the rainfall that partially thawed the snow, exposing those areas to the danger from heavy freezes.

The anticipated drop in Russian imports, along with the large stocks left from this season and good harvests in the EEC, would point to strong competition on the Soviet market, with the resultant effect on prices.

Rising Dollar

Another important factor to be taken into account is the trend of the dollar. The formidable rise in that currency has a strong influence on the depressed level of all commodities in Chicago and consequently, on the level of prices of our export grains.

What will happen to that currency in medium-range terms is impossible to predict, but Volker (chairman of the Federal Reserve Bank) has just told Congress

that if the United States does not solve its problem of government spending and the deficit, the dollar will fall. For us, this would mean that the price of wheat would rise. The problem is that we do not know whether the United States will solve its problem of public spending and if it does not, when the dollar will fall, before or after the Argentine wheat harvest. It is a problem like that of the Messiah: Many believe that he will come, but they do not know when.

#### Producer Income Without Deducting Production Costs

Rosario Quotation Board Price X Tons Costs	Wheat \$21,500/t	Corn \$21,000/t
Harvest (10 percent)	2,150/t	2,100/t
Freight cost (30 km)	1,100/t	1,100/t
Parity	400/t	400/t
Drying (\$60 and \$20/t)		800/t
Sieving		200/t
Storing commission (5 percent)	1,000/t	1,000/t
Gross income (1 percent)	200/t	200/t
Long hauling	(300 km) 4,500/t	(250) 3,700
Total Costs	9,750/t	9,500/t
Gross income of producer without deducting production costs in Argentine pesos	11,750/t	11,500/t
In dollars at rate of 370 pesos/U.S.\$	\$31.75/t	\$31.00/t

#### Domestic Picture

Things are becoming alarmingly complicated here. We believe that there are decisions to made now whose results we shall see in the distant future of December 1985, which, given the current level of inflation, could be 700 percent away from the general price level now. And, naturally, this is without knowing how our product is going to be sold in relation to others.

The only certain guideline to follow in making any projections is history and our record has been disastrous.

Actually, if we consider that the gross income to the wheat and/or corn producer is about \$31 dollars per ton (see above table) and if the Americans are nearly out of the picture, receiving no less than \$90 per ton of wheat, it is easy to deduce the economic situation of the Argentine producer.

The deadly cocktail is made of inflation, fiscal voracity, various rates of exchange, marketing policies, the rail and port infrastructure, the depth of navigable waterways, the "easy" outlet to the Pacific, and so on.

Without a doubt, the worst element of the nice drink is the first, which would ruin any attempt at proper marketing even before it began, due to the lack of an accounting unit.

In a punctual productive process (all production ends suddenly on a given date) and with demand continuous throughout the year, the only way to mellow out the sharp drops (harvesting time) is by operating with a view to the future.

In our country, it is nearly impossible to sell ahead of time or on the term market because we do not have an accounting unit (stable currency). That is why the exporters cannot keep buying, which, along with policy variations in index prices or the assignment of export quotas, prevents them from selling on the international market ahead of time.

What then happens? Argentina suddenly dumps 8 million tons of wheat on the market in December and the same amount of corn in March, thereby practically doubling the monthly supply of those products with a single consequence: a spectacular price drop. This year, we are selling our wheat at around \$30 lower than the Gulf price. And what is to blame for all this? Inflation.

Public enemy No 2 is fiscal voracity. In the budget for 1985, fiscal pressure is increased by \$3 billion in order to maintain the size of the government. I do not think it is difficult to guess where most of those \$3 billion will come from. Rather than protesting over the inequitable withholding, one should demand that the size of the government be reduced, the only way to prevent them from taking away with one hand what they give us with the other.

In sum, the national picture is much gloomier than the international one, but with one great advantage. We have it in our power to improve it and have a country in which, by feeding the world, not only with protein, but also with all those products that have comparative advantages, we can live better and more united.

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CSO: 3348/492

ARGENTINA

BAHIA BLANCA TO BUILD FERTILIZER PLANT

Buenos Aires LA NACION in Spanish 13 Mar 85 p 9

[Text] Public bidding will soon be announced for the construction and startup of a large nitrogenated fertilizer plant in Bahia Blanca. This information was released at a press conference held yesterday in the Manuel Belgrano Room of the Secretariat of Energy, presided over by Dr Conrado Storani and attended by the secretaries of industry, agriculture and livestock raising and mining: Carlos Lacerca, Lucio Reca and Juan Barrera, and the undersecretary of energy planning, Eduardo Lapena.

It was also reported that the planned investment will be on the order of \$400 million. Work will take between 36 and 42 months to complete from the time of the call for bids.

Concerning the raw materials to be used, they will include natural gas, which our country has in abundance. Production will be an estimated 300,000 tons of ammonia a year, with its nitrogenated and phosphorated derivatives. Urea will be the main fertilizer to be marketed by the future plant.

Concerning the choice of Bahia Blanca for the plant location, it was noted that different factors made it feasible, including port facilities, the availability of natural gas, the presence of adequate human resources and the proximity of a consumer market of the first order: Pampa Humeda.

Favorable Situation

For his part, Secretary of Energy Conrado Storani, who heads the Fertilizer Production Committee (COPROFER), mentioned the support of the energy sector to completion of the project, noting that "basically, gas will be the most plentiful, abundant national resource we have." He added that Argentina enjoys a favorable situation, with a price far below international prices.

He also emphasized that the Bahia Blanca project is not exclusive, meaning that it will not stand in the way of the location and operation of other private factories of a similar nature elsewhere in the country. Nor will it impede the expansion of regional projects known as FERTINEU (Neuquen) and FERTINOA (Salta), both engaging in the production of fertilizer on a small scale.

Lacerca also justified the COPROFER undertaking, observing that "it is not any accident that the most industrialized countries have displaced Argentina from many international markets for primary products."

Finally, Reca spoke, emphasizing the importance which the National Government attributes to the modernization of agriculture, inasmuch as "Argentine grain agriculture is behind in comparison with other countries that also export grain."

11,464  
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ARGENTINA

#### VARIOUS ALTERNATIVES TO SATISFYING FOREIGN DEBT VIEWED

Buenos Aires LA NACION in Spanish 18 Mar 85 p 7

[Article by Ernesto O'Farrell "Let Us Pay Part of the Debt in Pesos"]

[Text] That the foreign debt overwhelms us is one of the few things on which all Argentines agree. And yet, when it comes time to face it, there emerge profound disagreements that split us in many ways. Unfortunately, the different proposals usually place more emphasis on aspects relating to its payment (paying it in its entirety, paying only the legitimate portion, not paying it) than on how to generate more resources, which in the final analysis is the only truly important factor.

#### Renegotiation

Official versions point to the renegotiation of the debt with foreign creditors as the personal triumph of a former minister. When one considers the long and thorny matter of renegotiation, the fact that nearly all countries have renegotiated their debt with fewer difficulties and that such a renegotiation implied, according to official versions themselves, the postponement of other requirements of our economy, it would appear to be a very modest victory indeed.

Whatever the case, the renegotiation is a real fact that must be accepted and on that basis, try to search for solutions.

#### Investigation

The debtors and their foreign creditors had to present to authorities vast quantities of documentation and certification justifying their debt. With the aid of some 40 distinguished experts (whose number was gradually reduced), the legal authorities and Central Bank officials investigated and continue to investigate what is commonly called the "legitimacy" of the debt.

Such an investigation appears fitting because it is highly likely that certain contracts are registered as loans when they are not truly that or that some officials are guilty of irresponsible management in the contraction of certain debts. However, it is difficult to believe that this entire investigative effort has not yet produced any concrete result that has come to light.

In addition to serving to legitimize or reduce the debt, the investigation is important in order to punish the guilty and clarify the situation of those debtors who have proceeded properly. Unfortunately, there is no lack of those who believe that the entire foreign debt is tainted with illegality or immorality, despite the fact that the foreign debt was at one time encouraged by the authorities, without anyone thinking that it might be incorrect at the time.

#### Cancellation

This is a tough nut to crack and given the size of the debt, however much we Argentines put our shoulders to the task, it will still be long and difficult. All things considered, the sooner we implement certain solutions (to date, the debt continues to grow), the better it will be for everyone.

One possible recourse is that of capitalizing the debt, but not only by the creditors (this can be done to an insignificant extent), but by third parties. In other countries, foreign credits can be purchased on our country at about 70 percent of their value (THE ECONOMIST, 2 March 1985).

If the government should agree to recognize as a foreign investment the advance cancellation of the debt, it would then cease paying interest on that amount and the investor who bought its dollars for some \$.70 would have an enormous incentive for investing in the country. Naturally, such an operation implies the issuance of pesos in exchange, which might be inflationary, but it would not be in the long run if there is investment in productive activities.

The system proposed cannot be automatic or indiscriminate, but the current foreign investment law allows one to regulate the flow of funds that might be generated in this way, especially if it is a matter of the purchase of existing enterprises.

The Ministry of Economy has the necessary tools for imposing the conditions it deems suitable, such as demanding some participation of national capital, some additional investment in foreign exchange, the obligation of exporting, orienting activities in which the investments will be permitted and any other requirement it might consider necessary and that investment conditions justify.

#### All Gain, None Lose

An individual buying a dollar for about \$.70 can well make a few concessions. The creditor receiving those \$.70 in cash, instead of a long-term, somewhat doubtful credit, will not protest. The country would benefit, with a greater productive capacity, which would certainly increase the number of jobs, in addition to reducing the debt.

In short, it appears that all would gain and that no one would lose, meaning that there must be some disadvantage and naturally, there would be: the conditions under which the Argentine economy would operate.

No matter how cheap the dollar would be at \$.70, it is expensive if the prospect is that that dollar converted into an Argentine investment would be worth less

than those \$.70. It is necessary to create a climate of reasonable freedom and economic stability, without which the scheme cannot work. Nor would any other.

The size of the debt makes it impossible to pay it totally or even for the most part through foreign investments, but the system proposed, in addition to partly alleviating the problem, would imply a necessary change in economic policy of such magnitude that it would stimulate an increase in productivity in all areas. And as every businessman knows, the important thing is not the size of the debt, but the relationship of the debt with the ability to generate profits.

The ball is in the authorities' court.

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ARGENTINA

LACROZE URGES PROMPT SOLUTIONS TO PORT EXPLOSION INCIDENT

Buenos Aires LA NACION in Spanish 18 Mar 85 p 8

[Article by David Lacroze: "Alternatives for Grain Loading From Bahia Blanca"]

[Text] Early Wednesday morning, a huge explosion wracked elevator 5 at the Ing. White Port in Bahia Blanca, leaving a tragic aftermath of dead and wounded.

This unfortunate accident, which grieves all those connected with the grain business, will have serious consequences for the entire country if speedy, effective action is not taken.

Cold statistics tell us that Bahia Blanca represents from 20 to 25 percent of the country's shipping capacity and if its operations have been reduced to 40 or 45 percent of normal, the Argentine port system could work at 85 to 90 percent capacity, which does not seem too serious.

The problem will not be the amount, but rather, the price and the matter of when.

In other words, the essential thing will not be the volume of grain that the country can ship, but rather, the cost of such shipping and the logistics involved.

Bahia Blanca is the bottleneck, not because of its shipping capacity, which is substantial, but rather, because being the only port facilities with a depth of 40 feet, some 80 to 90 percent of all vessels coming to the country for wheat, corn or sorghum go through that port to pick up their load.

Before the accident, Bahia Blanca was already working with a delay of 35 to 40 days, a delay that was a subject of serious concern to several of Argentina's customers. The accident, in addition to destroying elevator 5 and leaving the 40-foot pier temporarily unusable (because of the debris), also destroyed the truck unloading area (about 500 a day) for the entire port complex. In other words, Bahia Blanca has been reduced to receiving some 300 cars a day (15,000 tons) and loading with two piers, with serious restrictions on the height and length of the vessels it can accommodate (206 and 230 meters respectively).

In short, for the immediate present, the port could work at 50 percent capacity maximum and consequently, the delay that was previously 35 to 40 days will be extended to 75 to 90.

If we consider that a ship standing by costs some \$6,000 a day, that delay represents some \$500,000 each or, and this is the same thing, \$10 per ton of grain.

This increased cost of shipping will be deducted by exporters from the price paid to the producer and in the long run, the drop will be reflected on the quotation boards in Rosario, Buenos Aires and Bahia Blanca.

If, as we can see, the subject is troublesome for the Argentine producer, it is equally so for the purchaser of our grain, for whom it is extremely important to meet his program of supplying the commodity on schedule. One might consider what this represents for a country such as the Soviet Union, which has to keep its ports working to capacity every month, if it should have them idle one month because the ships scheduled did not arrive and it would then have a lack of capacity the following month!

By way of anecdote, it is worthwhile to mention that on the very day of the explosion, Wednesday, 13 March, only a few hours later -- perhaps "by accident" -- the Soviet Union bought some 1.5 million tons of corn from the United States.

#### Solutions

This entire introduction is for the purpose of emphasizing the need for urgent and efficient solutions to this serious agricultural emergency.

It would therefore be necessary to:

- 1) release from any legal restrictions the operation of lighterage vessels and their auxiliaries throughout the Rio de la Plata area, whether operating under Argentine or foreign flag. I believe we would have to go either further and even establish systems of incentives (fiscal, credit and/or tariffs) for those who lease or use such boats.
- 2) authorize the National Grain Board, acting without the restrictions of the Office of Controller of the Currency (public bidding, and so on), to contract for the cleanup work in order to be able to operate at pier 9, loading ships directly from trucks, with some provisional system of loans and the loss of identity enabling all loaders to use the trucks of others.
- 3) eliminate the shipping fees charged by the National Grain Board at Bahia Blanca in order to absorb part of the greater cost of the delay and have this emergency be borne by the entire community (via budget contributions) rather than solely by the agricultural producer.
- 4) solve legal and/or union problems and put the "New York" dredger to work to take the Mitre Canal to a depth of 32 feet and be able to load at Escobar.

- 5) place all river terminal elevators in maximum operating conditions in order to ease and speed up topoff tasks (it is a crime that the Genaro Garcia elevator in Rosario is paralyzed by local problems).
- 6) coordinate possible loading in Brazil with that country. There is a modern transshipment station in Paranagua, which only lacks the authorization from the Brazilian Government to be able to operate.
- 7) analyze the depth and operating conditions of other piers in the Bahia Blanca zone that might be able to be used for direct loading.

Concerning the basic problem, which is reconstruction of the elevator, I believe that the criterion for embarking upon the project would be to give priority to one minimizing the "period of completion" (naturally, based on a certain technological level).

In this sense, it would be interesting to analyze the Russian offer, comparing its term of completion with the World Bank project.

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CSO: 3348/502

ARGENTINA

URUGUAY OFFERS USE OF PORT FOR GRAIN SHIPMENT

Buenos Aires LA NACION in Spanish 18 Mar 85 p 8

[Text] The Uruguayan Government has offered our country the use of facilities at the Port of Montevideo for the loading of Argentine grain, it has been learned from sources close to the grain marketing business.

The Uruguayan offer is the result of the disaster that hit the Ingeniero White port complex, the only facility in the country at which large-tonnage grain vessels of the Panamax type can be loaded.

Montevideo could be used for loading with transshipment from lighterage vessels and launches that would carry the grain from ports located on our river coast.

Grain circles have also noted that among the powers which the Executive Branch has conferred on the emergency committee set up to seek a solution to problems arising out of the Ingeniero White disaster is the contracting of the elements needed for various tasks. This would make possible -- and steps have already been taken in that direction -- to contract the "New York" dredger, a large-capacity vessel that in 10 weeks could make the Mitre Canal deep enough to improve the loading speed of boats at the different ports in the Rosario area substantially.

The dredger would also make it possible to make better use of the floating lighterage vessels operating at Escobar.

Disadvantages

Export circles comment with great sorrow on the difficulties that will be caused by the loss of a significant portion of the Ingeniero White port operations. This very issue contains an article by David Lacroze, former president of the National Grain Board, in which he states that in the immediate present, the Bahia Blanca complex could at best work up to 50 percent capacity. He further states that the delay of boats will be extended to 75 to 90 days, with the accompanying higher costs for the wait and the transfer of that higher cost to the price that the producer eventually receives.

Emergency

Lacroze's opinion, expressed before learning of the creation of the emergency committee by the Executive Branch, might come true, in the opinion of some,

to the extent that speedy action is not taken, a position also taken by the former president of the National Grain Board.

But one has the impression that the authorities will apply sufficient energy and resources so that the Bahia Blanca catastrophe not only has the least possible repercussions on the speed of shipments, but also on operating costs of the vessels and, as a corollary, on prices to producers.

At a meeting held on Friday by Grain Board officials and exporters, the possibility was mentioned of taking eight 30-meter conveyor belts from the Necochea Port to the Ingeniero White Port to use them at pier 9 -- the one most affected by the disaster -- for direct loading of boats from trucks. The transport of such conveyor belts on the road has already been authorized by provincial police. They would help load 10,000 tons of cargo a day.

As one can see, significant steps are already being taken to minimise the consequences of the explosion of the port silo, which took the lives of 18 persons.

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ARGENTINA

BRIEFS

SILOS COMPLEX INAUGURATED--Molinos Concepcion S.A. inaugurated a silo plant in Pergamino that will give that region a total grain storage capacity of 34,000 tons. The plant boasts modern control techniques, an efficient unloading system, excellent access, and proximity to the port. Thus, it is considered one of the best complexes of its kind. With this expansion, the company now has 22 storage plants and 10 cells, forming an extensive network with 32 storage points across the nation. This makes an impressive contribution to the limited storage capacity of the country, and helps farmers deliver their grains. [Text] [Buenos Aires CLARIN in Spanish 2 Mar 85 p 10] 8926

GRAIN EXPORT DATA--There was a considerable increase in the amount of grain exported through Ingeniero White in February, reaching a total of 654,573 tons, all wheat. The only monthly figure higher than that was that of March 1984, when 721,964 tons were processed. Last February, however, there were only 24 workdays, which boosted the average. According to the local delegation of the National Grain Board, in the first 2 months of the year a total of 1,169,805 tons of grain was shipped out of the country, slightly more than the figure for the previous harvest, which recorded 1,099,148 tons during the same period. During the past month, 23 ships were loaded; so far this year, 45 units were loaded at local docks. The destinations were the Soviet Union, which moved to the top of the list just recently, Poland, Brazil, Peru, Communist China, Lebanon, Jordan, Cuba and Indonesia. National Grain Board spokesmen stressed once again the efficient synchronization between unloading and shipping, which made possible the large volumes registered in February. This positive development was even mentioned in a note from the Grain Exchange to the president of the Grain Board, Dr Ferrari Etcheberry, as we reported in mid-week. Dr Ferrari Etcheberry telephoned the directors of the Grain Exchange to thank them for their cogent note. The National Grain Board also reported that in February a total of 667,714 tons was received at the elevators, having been transported by truck and train (6,687 and 9,708 units, respectively). In the first 2 months of the year, 1,116,959 tons were unloaded. Yesterday, at Site 5-6 the vessel "Valcourt" was being loaded with 26,000 tons of wheat destined for the Soviet Union; at 7-8, "Miss Marietta" was being loaded with 39,000 tons of wheat for Lebanon; and at Site 9, the "Kordun" was taking on 30,000 tons of wheat for the Soviet Union. [Text] [Bahia Blanca IA NUEVA PROVINCIA in Spanish 2 Mar 85 p 8] 8926

FERTILIZER PRODUCTION TO TRIPLE--Within a period of 3 to 4 years, the consumption of fertilizers by agriculture should go from 150,000 to 500,000 tons. According to information from Jorge Lapena, currently undersecretary of energy planning, this increase in fertilizer consumption should be produced by the local petrochemical industry. At the present time, he said, the country makes only about 80,000 tons, the rest being imported. In order to achieve substantial savings on foreign exchange spent for such products, different branches of the government have joined to respond to the challenge involved in tripling production, especially through the revival of the Bahia Blanca petrochemical pole, which should be in full operation by 1986. Lapena told LA NACION that the program outlined for fertilizers includes the entire chain of the economic circuit, ranging from obtention of the product to its placement on the domestic market, an objective aimed at strengthening the goals set for expanding grain harvests and consequently, growing balances for export. At a press conference to be held at 1100 hours today at the Secretariat of Commerce, the Fertilizer Production Committee will reveal official policy to be followed.

[Text] [Buenos Aires LA NACION in Spanish 12 Mar 85 p 11] 11,464

CSO: 3348/492

BOLIVIA

REACTION TO U.S. DONATION OFFER NOTED

PA041915 Havana International Service in Spanish 0000 GMT 2 Apr 85

[Report by Jorge Luna, PRENSA LATINA correspondent in Bolivia--recorded]

[Text] The government of President Hernan Siles Zuazo has reaffirmed Bolivian sovereignty twice this week, particularly in the face of two U.S. attempts to interfere. The Bolivian Government, which has just overcome a serious conflict with workers, believed it had to respond to U.S. pressures. This has resulted in a climate of support that goes beyond the political and ideological positions of various national sectors.

The first incident was provoked by U.S. Ambassador Edwin Corr, accused of meddling in Bolivian affairs several times, who tried to donate several computers to count the votes in June's elections. The \$3-million donation would have entailed the training of several Bolivian technicians in the United States. These Bolivians were to be in charge of operating the equipment. When Corr gave a speech on the Bolivian elections, the Bolivian foreign minister warned him that the elections are a topic concerning only Bolivians.

Certain members of the National Electoral Court rejected the computer donation, noting that it would be a form of foreign intervention. In conclusion, the full cabinet approved a declaration rejecting the offer. Corr, visibly disgusted with the failure of his maneuver, flew immediately to Washington. Subsequently, four Republican senators proposed in the U.S. Congress that the U.S. Government suspend any financial aid to Bolivia and accused the Bolivian Government of not fighting drug trafficking. They even accused Bolivian leaders of being criminals.

With justified indignation, the government responded to the remarks by the congressmen, headed by Paula Hawkins, a very close friend of former dictator Hugo Banzer.

However, the vigorous attitude of the Siles Zuazo government found support in all of the country's political, labor, and intellectual sectors, and there are many who say that this struggle will continue.

CSO: 3348/577

BRAZIL

DECREE ON TRANSFER OF MILITARY OF CONCERN TO AD

Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Feb 85 p 5

[Text] Brasilia--The topic was discussed at the meeting held yesterday morning by Ulysses Guimaraes, 68, chairman of the PMDB [Brazilian Democratic Movement Party], with leader Humberto Lucena, 55, and Senators Pedro Simon, 55, and Afonso Camargo, 56. Ulysses commented that the decree could be revoked by the president-elect, Tancredo Neves, but he considered it disturbing that the decree had been issued "on the eve of the inauguration."

Backed by former secretary general Francisco Pinto, 53, Deputy Osvaldo Lima Filho, 63, who is a candidate for leader of the PMDB in the Chamber of Deputies, sums up the meaning assigned to the decree by many of his fellow party members: "It means that future President Tancredo Neves will not be able to assume full and complete control of the government."

In other words, the PMDB members feel that the effect of the decree is to strip the president of the republic of his constitutional position as commander in chief of the Armed Forces. Among other consequences of the measure, the head of the government will no longer be able to transfer military men from garrisons where they commit acts of rebellion or to appoint military attaches to embassies abroad. The decree may be revoked by the president-elect at the start of his administration, but it is feared that doing so would cause negative reactions in the Armed Forces.

Despite the existing concern over the matter, the question is being handled with reserve in the "Democratic Alliance" [AD]. The comments by Deputies Osvaldo Lima Filho and Francisco Pinto, concerning the constraints that the decree may place on the future administration were made during a casual meeting on Friday night in the presence of reporters. Deputy Sergio Murillo of Pernambuco also participated.

The main topic of the conversation by those congressmen was concern over the perpetuation of power by extralegal means and the ability of the Brazilian elites to cause their interests to prevail. Francisco Pinto raised the possibility that the most conservative forces might create such difficulties for the Tancredo Neves administration that the effect in the next presidential succession would be to facilitate the election of someone linked to the 1964 movement. Following that comment by the deputy from Bahia, Osvaldo Lima Filho

mentioned the decree on military transfers, emphasizing the limitations it imposes on the head of the government.

The participants in the talk were unanimous in stating that the victory by Tancredo Neves in the electoral college was an important step in the efforts to build democracy, but they considered it indispensable to make changes if those efforts were to be successful.

Later, Francisco Pinto mentioned the speculation concerning the formation of the new cabinet, emphasizing that even with the help of a minority of those announced so far, Tancredo Neves' cabinet would be in conflict with the spirit of change.

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CSO: 3342/115

BRAZIL

LUDWIG COMMENTS ON NEW ROLE OF MILITARY

Sao Paulo O ESTADO DE SAO PAULO In Portuguese 17 Mar 85 p 12

[Article by Helio Contreiras: "Ludwig Describes New Role of Military"]

[Text] Gen' Rubem Ludwig admitted yesterday that, not only should the armed forces remain turned toward their constitutional duties of keeping law and order, but the politicians should not seek to involve them in attempts to break the normal state of things. Speaking to O ESTADO in Rio, the former minister-chief of the Military Household said that the support of the armed forces will be important for the consolidation of juridical-institutional normalcy. Recalling the past, Ludwig said that sometimes politicians develop temptations for breaking with normalcy.

The general, who held important positions in the 1964 regime, recalled that the democratic process is continuous, unlike that of a closed system which remains stationary. A true feeling for the natural process of democracy, which he says involves the participation of all, is therefore necessary. "The ideal thing is that we have a balanced society permanently and that each one have an exact idea of his duties, which he should not face up to in a rhetorical fashion but in an aware manner," added the minister of the Figueiredo Government Military Household.

"Democracy is Conflict"

The conflict of positions, many times confused with opposition during the Old Republic, was acknowledged by the general as a natural phenomenon in democracies. "Differences and conflict are inherent in democracy. There are times, such as we lived these past 20 years, in which circumstances imposed another type of behavior, but there was always the intent to do exactly what is happening today."

To General Ludwig, who did not maintain a hard position during the 64 regime and for that reason was many times overruled by the government even after having been appointed minister of education and culture, the democratic system is not static, much less stationary. It is dynamic, and the process of change is therefore one of its essential characteristics. Without this characteristic, it ceases to seek its own meaning, which makes possible the administration of conflicts for the benefit of normalcy based on law.

"Each is a Participant in the Process"

Former Minister Ludwig also acknowledged that the execution of the process of political opening was difficult, it becoming necessary for there to be the decision by President Giesel and his successor, Joao Figueiredo, who unlike other presidents, was selected after assuming the commitment of democratization with his predecessor.

"President Figueiredo completely fulfilled his promise of making a democracy of this country by the end of his term of office," he said. He referred to President-Elect Tancredo Neves' operation, which while it did not allow him to take office on the scheduled time and date, did not prevent constitutional norms from being strictly fulfilled.

"What happened between the 14th and 15th after the operation of President Tancredo Neves was a definitive institutional test, but it is necessary that there be the awareness that the political process never ends, because even its own evolution creates new expectations and new events," said Ludwig.

In his opinion, there is no completed democratic process in the democracies because the dangerous illusion of that privilege is the monopoly of totalitarian regimes: "Therefore, each of us is a participant in the democratic process of our country."

Ludwig was the military minister of the Figueiredo government who most identified himself with the process of political opening, which he supported since the time of Giesel. At that time he already recognized that only political normalcy could allow institutional consolidation. Many times the "informal military man" is confused with the "liberal military man" but it is between these two that Ludwig can be included.

The "informal military man" was the one who many times during the past 21 years was with the hardliners, who made political normalcy and stability difficult so that it only existed from 64 to 67, from 76 to 80, and once more as of the end of last year with the decisive contribution of the Judicial Branch.

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BRAZIL

CAUSES OF RECENT DROP IN EXPORTS ANALYZED

Sao Paulo GAZETA MERCANTIL in Portuguese 12 Mar 85 p 17

[Article by Jane Filipon: "The Impact on Exports"]

[Text] The lack of funds for the production of manufactured products for export at reasonable interest rates; the high price of the dollar and the reduction of fiscal incentives are some of the causes pointed out by exporters for the decline in Brazilian foreign sales. However, these are not the only obstacles. In the case of shoe exports, which last year generated revenues equivalent to more than \$1 billion, conditions of the American market make transactions difficult. According to explanations given to this newspaper by the president of the Federation of Industries of the State of Rio Grande do Sul (FIERGS), Luiz Octavio Viera, last year there was a very large volume of shoe imports and the American retail networks did not rid themselves of their merchandise in the volumes expected. The excess in stocks also was aggravated by additional purchases by importers, who expected protectionist measures, which did not materialize.

"The American market should become normal in the second half of the year," said the director of Schmidt Brothers Shoe Manufacturers, Paulo Schmidt, "however, the effects on production levels of the companies will only take place later on." "The value of the dollar affects the hide-footwear sector in two ways," said the manager-superintendent of Quimisinos, Celso Erny Kraemer: "in the export of footwear and tanned hides to Europe, and by allowing traditional suppliers of the international market, such as Italy, Spain and Portugal to compete with greater advantage inside the United States. "Even Germany, which has a higher production cost than ours, is selling to the United States at a price in dollars that is 50 percent less than formerly, and it is still earning the same amount in marks," said Kraemer.

In the exports of tanned cowhides, in addition to the fact that American production is high, which results in smaller imports, the price of the Brazilian raw material has changed so much that the finished product is too high to compete on the international market. Exports of frozen fryers are also proceeding somewhat slower during this first part of the year. Although the projections by the president of the Brazilian Association of Fryer Exports (ABEF), Flavio Brandalise, are that there will be international sales of

DISCRIMINAÇÃO (?)	Exportação Brasileira US\$ milhões FOB									(10) VARIAÇÃO % (A/C)
	(1) JAN/FEV 85 (*)	(1) JAN/FEV 84	VARIAÇÃO % (*)	(6) FEVEREIRO-85 (A)	(7) JANEIRO-85 (B)	(8) FEVEREIRO-84 (C)	VARIAÇÃO % (A/B) (9)			
Total geral (A+B+C).....(11)	3.170	3.484	-9.01	1.532	1.638	1.836	-6.47	-16.56		
A — Produtos básicos.....(12)	924	1.026	-9.94	443	481	548	-7.90	-19.16		
Açúcar demerara.....(13)	63	69	-8.70	22	41	31	-46.34	-29.03		
Cacau em amendoas, cru.....(14)	51	50	2.00	19	30	27	-40.63	-29.63		
Café cru em grão.....(15)	258	355	-27.32	150	108	185	38.89	-18.92		
Carne de galinha, frango e galinha, congelado.....(16)	44	38	15.79	17	27	15	-37.04	13.33		
Farole de soja.....(17)	94	68	38.24	48	46	46	4.35	4.35		
Minério de ferro aglomerado.....(18)	69	77	-10.39	40	29	39	37.93	2.56		
Minério de ferro hematita.....(19)	158	150	5.33	64	94	92	-31.91	-30.43		
Demais Produtos.....(20)	187	219	-14.61	83	104	113	-20.19	-26.55		
B — PRODUTOS INDUSTRIALIZADOS (1+2).....(21)	2.208	2.421	-8.80	1.073	1.135	1.273	-5.46	-15.71		
1 — SEMIMANUFATURADOS.....(22)	334	346	-3.47	167	167	201	0.00	-16.92		
Couro de bovinos, curtido (exceto de bezerro).....(23)	13	21	-38.10	7	6	10	16.67	-30.00		
Ferro gusa.....(24)	28	29	-3.45	11	17	17	-35.29	-35.29		
Óleo de soja em bruto.....(25)	19	21	-9.52	17	2	15	750.00	13.33		
Pasta de cacau refinada (líquor de cacau).....(26)	30	31	-3.23	13	17	20	-23.53	-35.00		
Pasta química de madeira e soda e o sulfato.....(27)	52	58	-10.34	37	15	37	146.67	0.00		
Demais Produtos.....(28)	192	186	3.23	82	110	102	-25.45	-19.61		
2 — MANUFATURADOS.....(29)	1.874	2.075	-9.69	906	968	1.072	-6.40	-15.49		
Açúcar refinado.....(30)	33	23	43.48	14	19	8	-26.32	75.00		
Calçados, suas partes e componentes.....(31)	143	164	-12.80	71	72	77	-1.39	-7.79		
Caldeiras, máq., aparelhos e inst. mecânicos.....(32)	182	204	-10.78	102	80	96	27.50	6.25		
Chapas de ferro ou de aço.....(33)	87	85	2.35	44	43	49	2.33	-10.20		
Material de transporte.....(34)	221	200	10.50	98	123	103	-20.33	-4.85		
Produtos químicos orgânicos.....(35)	80	102	-21.57	36	44	47	-18.18	-23.40		
Suco de laranja.....(36)	95	200	-52.50	45	50	96	-10.00	-53.13		
Demais Produtos.....(37)	1.033	1.097	-5.82	496	537	596	-7.64	-16.78		
C — OPERAÇÕES ESPECIAIS.....(38)	38	37	2.70	16	22	15	-27.27	6.67		

Fonte: Cacex/Depec (39)

(\*) Dados sujeitos a retificação (10)

### Key:

1. Brazilian exports in U.S. in dollars FOB
2. Items
3. Jan/Feb 85
4. Jan/Feb 84
5. Change in percentage
6. February 85 (A)
7. January 85 (B)
8. February 84 (C)
9. Change in percentage (A/B)
10. Change in percentage (A/C)
11. General total (A+B+C)
12. A—Basic Products
13. Unrefined sugar
14. Raw cocoa beans
15. Raw coffee beans
16. Frozen roosters, fryers, hens
17. Soybean meal
18. Iron ore aggregates
19. Iron ore hematite
20. Other products
21. B—Industrialized product (1+2)
22. 1 - Semimanufactured
23. Tanned beef hides (except calf)
24. Pig iron
25. Raw soybean oil
26. Refined cacao paste (cocoa liquor)
27. Soda and sulphate chemical wood paste
28. Other products
29. 2 - Manufactured
30. Refined sugar
31. Shoes, parts and components
32. Boilers, machinery, mechanical devides and instruments
33. Iron or steel plates
34. Transportation material
35. Organic chemical materials
36. Orange juice
37. Other products
38. C-Special Operations
39. Source: Foreign Trade Dept/  
Dept of Economic Research  
CACEX/DEPEC
40. (\*) Figures subject to change

290,000 tons (\$268,976,000), the same as in 1984, this year also "with the withdrawal of our incentives, added to the high value of the dollar and the government advantages received, France is selling frozen fryers in the Middle East at prices which are 30 percent below ours."

The situation of the fryer exporters is not worse because it is assured of exporting 120,000 tons of fryers to Iraq (\$950 per ton FOB). Next week, with the arrival of government authorities for the inauguration of Tancredo Neves, new negotiations for the sale of fryers may be signed, according to statements to this newspaper by the president of ABEF. This negotiation would also include equipment for coldstorage. Brandalise would not advance any greater details. The value of the dollar, by comparison with other strong currencies, is exerting pressure, not only on the prices of soybeans and byproducts, but also on the demand. The space for exports of soybean meal is restricted because the greatest market for this Brazilian product continues to be Europe. "Not even the projections of the American planting or the damage suffered by the American growers in the last crop will manage to encourage the market," said the director of Olvebra and the Brazilian Association of Vegetable Oil Industries (Abiove), Martinho Faria.

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BRAZIL

#### AGRICULTURAL EXPORTS EXPECTED TO DECLINE IN 1985

Sao Paulo GAZETA MERCANTIL in Portuguese 12 Mar 85 p 1

[Article by Tania Nogueira Alvares: "Decline in Exports"]

[Text] The main agricultural products that Brazil exports should not repeat the same performance in 1985 that they had last year and will contribute less to the trade balance surplus even though they are estimated at \$13 billion by the director of the Foreign Trade Department (CACEX), Carlos Viacava, in an interview with editor Jose Casado.

The performance in this first two-month period of six important items in the list of agricultural products indicates the difficulty the country will have this year in maintaining markets and prices. The marked decline in revenues from coffee, sugar and orange juice exports cannot be blamed only on the effects which the accentuated rise in the dollar has had on world trade. Fundamental factors of the market, such as the increase in the supply of some products, among them cocoa, soybeans and byproducts, should intensify the trend towards lower international prices begun last year.

It is unlikely that even orange juice, which in 1984 was a surprise with an increase of 100 percent in the value of exports, will repeat the record of \$1.42 billion. In January/February of 1985, revenues from that product were 52.5 percent lower than for the same period last year. Without stocks to draw from and with a large part of the crop shipped by the end of 1984, the exporting industries at this time have 80,000 to 100,000 tons for shipment by the end of June, when the new crop comes in, estimates Hans Georg Krauss, the president of the Brazilian Association of Citrus Juice Industries (ABRASUCOS). Because of that, the exported volume will fall from 911,000 tons to 700,000 tons.

Coffee was another product which registered a marked decline in sales. Revenues in the first 2 months of this year were 27.3 percent lower than for the same period last year. There was an accentuated retraction in purchases by importers, caused in part by changes in coffee policy, particularly with respect to the exchange confiscation, which turned into an export tax. Moreover, the high discounts given by the Brazilian Coffee Institute to the buyer, which reached \$37 per sack, are reducing the net revenues from the product, according to the director of Penfield Commodity, Sergio Figueiredo.

The most worrisome situation is that of sugar. After recording a decline of \$300 million in exports in 1984, it is believed that this year sugar production destined for export will be reduced by 500,000 tons. Prices on the international market continue to revolve around \$.04 per pound, while the domestic cost of the product exceeds \$.13.

Sales of soybeans and byproducts should at most repeat the revenues of \$2.5 billion obtained in 1984. The rise of the dollar on the world market has caused a decline in consumption and the low prices of soybean meal have discouraged the milling of the beans.

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BRAZIL

PETROMISA INAUGURATES FIRST POTASSIUM MINE

Rio de Janeiro O GLOBO in Portuguese 5 Mar 85 p 29

[Text] PETROBRAS Mining, Inc. (PETROMISA) today inaugurates the first potassium mine of Brazil. It is located in the Taquari-Vassouras region of Sergipe. The inauguration of the plant-mine complex will make it possible for Brazil to save \$70 million per year. The mine began preliminary operations last January for the adjustment of equipment and various phases of the operation.

PETROMISA invested \$300 million in the complex and the new mine will have a production capacity of 100,000 tons of potassium per year assaying 95 percent. Its capacity should be expanded to 600,000 tons per year by 1987. At this time the country imports 200,000 tons per year, spending \$150 million.

With the beginning of production by the project, Brazil becomes the first producer of potassium fertilizer in the Southern Hemisphere. Work on the project began in July 1979, when the first work of grading was begun and two shafts (vertical tunnels) for access to the mine were begun. The majority of the mine galleries are situated at a depth of 500 meters. Minister of Mines and Energy Cesar Cals, PETROBRAS President Adm Telmo Dutra de Resende and PETROMISA Executive Vice President Edilson Tavora attended the inauguration.

Reserves Total 27.5 Million Tons

Mining work began in 1982, when excavations reached the layer of potassium. In January 1983, links between the two shafts were concluded, which provided greater safety for the preparatory work of the mine. During that period a geological survey of the area was made, which resulted in an increased recording of potassium chloride reserves, which increased from 11.5 million tons to 27.5 million tons.

According to PETROMISA technicians, despite "the difficult climate for mineral prospecting," the project brought pleasant surprises. The main one was the discovery of sylvinitite (potassium ore) in places where its existence had not been foreseen. PETROMISA managed to extract 50 tons of sylvinitite before even beginning final work.

The Taquari deposit consists of two layers of ore. At this time technicians are investigating the possibilities of taking advantage of new layers and of extending the work to the Santa Rosa de Lima deposit 15 kilometers away. If that happens, potassium production could be increased to 1.2 million tons [presumably per year].

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BRAZIL

BELTRAO TO REVIEW RISK CONTRACT; OIL PRODUCTION RECORD

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Mar 85 p 29

[Text] The new president of PETROBRAS, Helio Beltrao, reaffirmed his position in Rio yesterday that risk contracts with foreign companies for prospecting and exploration of petroleum will not contribute to solving the problems of the balance of payments of the country. However, he pointed out that "they did take place and must have made some contribution, which I will examine with the technical body of the company."

Saying that up to now risk contracts "only provided one significant discovery," Beltrao said: "In the period in which the hypothesis of the contracts was being examined, I had some thought opposing them because there was the impression that risk contracts would resolve the problem of the balance of payments. I warned that such a thing would not happen and it actually did not happen. This does not mean that the contracts were not useful, and that is what we are going to look into."

Beltrao made those statements in an interview after the ceremony in which he was given the presidency of PETROBRAS by his predecessor, Adm Thelmo Dutra de Rezende, in the presence of 700 persons, among the managers of the company, businessmen, technicians and collaborators, who gathered to congratulate him.

Beltrao admitted, for example, the possibility of the revision of the contract for 20.8 billion cruzeiros between PETROBRAS and the Mexican company Telemundi for sponsoring the Brazilian Soccer team. "If it is a perfect and regular legal act, everything will be well. If there is illegality, it will be investigated." As is known, the contract was approved by a vote of the management of PETROBRAS, decided by the tiebreaking vote of the then president, Thelmo Dutra de Rezende.

"We have to wage a constant fight against waste, idleness, indifference and the aging of structures," the new president of PETROBRAS said in his speech. He is responsible for the implantation of the organization and methods plan of the company. He also made it clear that he will accept the decision of the government on the containment of public spending and that his accounts will be "transparent."

Beltrao emphasized in his speech and interview that the priority of spending by the company will continue to be in the prospecting and exploration sector, saying that "self-sufficiency is its inspiration."

#### New Record

Last Tuesday PETROBRAS set another national petroleum production record totalling 551,307 barrels, a volume which should rise to 560,000 barrels in the next 10 days due to the reactivation of wells Namorado 7 and Rio de Janeiro 233, which are now idle for the maintenance of equipment installed in them.

The achievement of that new record, according to PETROBRAS, was the result of the high production by the Pampo platform (50,000 barrels daily), the beginning of production by well Cherne-12 (5,000 barrels daily) and well 1-RJD-90 with 2,500 barrels daily, a part of the Viola Field.

Another reason pointed out by PETROBRAS to justify that record, is related to the increase in production in Bahia, which began to increase once more due to the use of special methods for recovery and the new discoveries on the northeast border of the Reconcavo of Bahia [coastal area of Bahia]. With a daily production of 85,350 barrels, the state of Bahia is the largest land producer of the country and responsible for 16 percent of national petroleum production.

PETROBRAS Sales Director Carlos Sant'Anna revealed yesterday that the aggravation of the conflict between Iran and Iraq is not helping to add to the national supply of petroleum due to the small volumes now being shipped through the Persian Gulf from Saudi Arabia.

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BRAZIL

BRIEFS

TRADE WITH EAST EUROPE--Sao Paulo--Possibilities for reducing Brazil's surplus position in its trade with East Europe were the main topic of discussion at the Seminar on Trade with East Europe, which began yesterday and will end today at the Sao Paulo State Federation of Industries (FIESP). Parallel with that debate, there was a discussion of suggestions for the adoption of economic, financial, and commercial measures to increase the flow of trade in the interest of both sides. According to Minister of Foreign Affairs Saraiva Guerreiro, who opened the seminar, bringing about an increase in trade is a challenge to both Brazilian business and the government, but there are positive prospects, since East Europe represents a market of 400 million people with foreign trade totaling \$250 billion. He announced that Brazil currently accounts for only 1 percent of that total. In Guerreiro's opinion, increased trade with the East European countries requires a decision of a political nature. The minister also announced that between 1975 and 1983, Brazil accumulated balances of over \$7 billion with the Eastern bloc countries. In that trade, Brazil exports iron ore and farm products and imports industrial equipment, chemicals, petroleum, and a few minerals. [By Lazaro Evair de Souza] [Text] [Sao Paulo GAZETA MERCANTIL in Portuguese 6 Feb 85 p 3] 11798

IRANIAN TRADE DELEGATION VISIT--Beginning in March, PETROBRAS is to start importing between 50,000 and 60,000 barrels of Iranian petroleum daily in exchange for Brazilian products. The barter operation is estimated to be worth between \$500 million and \$600 million annually. The proposal was made to PETROBRAS yesterday during a visit to its headquarters in Rio de Janeiro by the trade mission from the Tehran government. The mission is headed by Mohammad Hussein Adeli, director general of economic affairs in the Ministry of Foreign Affairs. One PETROBRAS expert told O GLOBO that the progress of the transaction depends only on the price that Iran will charge for a barrel of petroleum, something that has not yet been specified by the mission. For PETROBRAS to accept the proposal, the price will have to compensate for the high freight and insurance costs in that region due to the war with Iraq in the Persian Gulf. The mission, consisting of seven representatives of the Iranian Government, proposed that the petroleum be shipped from the production centers to the islands of Sirri and Lavan away from the conflict zone, but it was reticent about shouldering freight and insurance costs. PETROBRAS stopped importing 45,000 barrels of petroleum daily from Iran back in April 1984 because of the worsening war with Iraq. If the petroleum is offered at a worthwhile price, PETROBRAS is interested in resuming trade relations with Iran, which is considered an important

potential partner. The PETROBRAS expert emphasized, however, that commercial transactions with petroleum-producing countries that are at war, such as Iran, must be considered only from a short-term standpoint. [Text] [Rio de Janeiro O GLOBO in Portuguese 7 Feb 85 p 24] 11798

VW EXPORTS TO PRC--Sao Paulo--Volkswagen of Brazil is entering the Chinese market. The assembly firm signed a contract last week to export 1,000 trucks to Hebei Province near Peking. The vehicles will all be delivered between March and June. Including spare parts, the deal will bring in nearly \$20 million for Volkswagen, and it may be the starting point for the sale of a much larger number of units to that market. A Chinese mission will visit Brazil in the first half of this year to learn more details about Volkswagen and the national supply of auto parts and components on which it depends. Jorge Boihagian, sales and marketing manager for the assembly firm's truck division, estimates that the potential market in China for medium-sized trucks--which are what his firm deals in--stands at around 15,000 or 20,000 units per year. "And it is clear that we are going to get as much of that as possible," comments Wolfgang Sauer, company chairman, although without mentioning any time periods. Sauer also does not rule out the possibility that exports to China will also include automobiles in the future. The first model might be the Santana, the assembly of which in China would start with disassembled units shipped from the FRG. In response to a specific question concerning the possibility that Santana production in the FRG will be stopped, Admon Ganen, Volkswagen's sales director, said that "this must--may--happen." And Sauer himself added that "it would be logical, since in the FRG, the Santana competes in a way with the Audi line, which belongs to the same business group." The signing of this new contract has strengthened the assembly firm's conviction that it will achieve \$500 million in external sales this year, or almost double last year's figure. Iraq and Nigeria will account for most of that amount. [By S. Stefani] [Excerpt] [Rio de Janeiro GAZETA MERCANTIL in Portuguese 8 Feb 85 p 1] 11798

ROCKET LAUNCHINGS--Natal--The Barreira do Inferno Launch Center will be involved until this coming 3 March in the "interzodiacal" program," which calls for the launching of three rockets, two of the Orion type and one of the Skylark-12 type, all of which belong to the FRG's Research Institute. This was announced by the public relations officer of the Barreira do Inferno Launch Center, Dario Fernandes Nogueira. The program, planned by the West German institute, is based on the "general agreement on scientific cooperation that was signed on 9 June 1960 by the governments of Brazil and the FRG." The first rocket to be sent up under the program was launched on the 15th, and the launching of the second Orion is scheduled for the 22d of this month. The final rocket--a Skylark-12--is to be launched early in March. [Text] [Brasilia CORREIO BRAZILIENSE in Portuguese 17 Feb 85 p 4] 11798

ARMS EXPORTS VALUES--Brasilia--Brazilian sales of arms and war material abroad totaled between \$1.5 billion and \$2 billion in 1984, according to what FOLHA DE SAO PAULO has learned from military sources. That performance by arms exports represents an increase of between 200 and 300 percent over the nearly \$500 million worth exported by Brazil in 1983, with sales of armored vehicles occupying a prominent place. Of the 25 countries which bought arms from Brazil in 1984, the outstanding customers were located in the Middle East: Iraq, Libya,

and the United Arab Emirates. In South America, Brazil sold arms to Argentina, Chile, Colombia, Paraguay, Peru, Uruguay, Venezuela, and Ecuador. Also on the list are the FRG, the United States, France, Denmark, Austria, Switzerland, Australia, Cyprus, Singapore, Gabon, Haiti, Suriname, and Togo. Because of the relatively low cost of our war materiel and the less sophisticated technology used by Brazilian industry, the Third-World countries have been Brazil's main customers. And the bilateral agreements already signed will ensure a further rise in sales this year. Actually, the figures on Brazilian exports of war materiel give only an approximate idea of the sales volume, since it is difficult to gain access to more complete information. Information in this area is surrounded with secrecy by the Armed Forces and the firms in the industry. Data concerning the value and type of arms products exported appear on the charts produced by the Bank of Brazil's Foreign Trade Department (CACEX), but in disguised form, being included under headings that do not define the characteristics of the materiel sold abroad. [Text] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Feb 85 p 14] 11798

JAPANESE POLYCARBONATE TECHNOLOGY--Durulon, a plastic resin used in the manufacture of engineering parts, is the new product of the Camacari Petrochemical Complex (COPEX). The manufacturer is Polycarbonatos do Brasil, S.A., installed with investments of PRONOR S.A. and the Brazilian Polyurethanes Company, with Japanese technology of the Idemitsu Tetrochemical Company. The new factory cost \$18 million and will produce 5,000 tons of resin per year, eliminating its imports completely. Brazil imports nearly 1,600 tons of the resin per year, primarily from Europe and Japan. Ivan Barbosa, president of COPEX, says that the inauguration of the plant this first half of the year means the immediate suspension of imports. "National consumption is 1,600 tons per year and the company is big enough to produce 5,000 tons per year." Barbosa says of the pioneer undertaking: "The demand for polycarbonates has been increasing, primarily as a substitute for metals, and national consumption of engineering plastics should grow at rates of between 7 and 8 percent per year." Durulon is produced from two raw materials: Phosphogene and biphenyl. It will be sold initially in four grades of viscosity: Durulon 100 of low viscosity for complex parts with thin walls; Durulon 200, for wider parts with a medium wall thickness; Durulon 300 for thick walls and greater resistance to shock, and Durulon 400 for extrusion molding. Polycarbonatos will employ 117 persons in its first production phase. [by Walter Clemente] [Text] [Sao Paulo GAZETA MERCANTIL in Portuguese 5 Mar 85 p 14] 8908

FOOD PRICE HIKES--Last February, according to information revealed yesterday by the Interunion Department of Statistics and Socioeconomic Studies (DIEESE), a worker who received the minimum wage had to work 200 hours and 2 minutes to feed himself in the city of Rio de Janeiro. That number of hours refers to the cost of the essential ration: 132,824 cruzeiros. Compared to February 1984, according to DIEESE, the price of the essential ration increased 262.62 percent. The products which show the greatest annual changes were: Coffee, 580.13 percent; beans, 464.12 percent; wheat flour, 458.77 percent; tomatoes, 417.92 percent; bananas, 390.26 percent and sugar, 372.68 percent. Products in the essential ration which showed the greatest increases compared to January of this year were: coffee, 81.67 percent, tomatoes, 56.29 percent; sugar, 42.73 percent; bananas, 26.25 percent; rice, 21.43 percent; wheat flour, 20.27 percent and bread 16.61 percent. [Text] [Rio de Janeiro O GLOBO in Portuguese 12 Mar 85 p 29] 8908

**GRAIN PRODUCTION RISE PROJECTED**--Despite adverse weather conditions in the producing regions of the Center-South, the CFP (Production Financing Company) announced yesterday an increase of 2 percent in national grain production this year which, according to estimates, should reach 53,569,000 tons. The figures exceed estimates of the harvest made by President-Elect Tancredo Neves, who yesterday foresaw a total of 48 million tons for this year. According to CFP management, two of the results foreseen for the present crop should exceed expectations: soybean production, which could reach 16.55 million tons, with an increase of 8 percent over last year's results; and beans with 2.83 million tons, one of the largest crops ever seen, with an increase of 8 percent over that of the previous crop. In overall Brazilian production, the CFT took into consideration the same figures obtained in the last harvest in the Northeast region of 5.84 million tons. The peanut crop should have an increase of 25 percent by comparison with the previous harvest, with a production of 274,000 tons; castor beans, with an increase of 38 percent in production, could reach 310,000 tons in this harvest, while cotton in the boll could reach 1.72 million, an increase of 33 percent compared to the last harvest. Just as the weather was favorable to some crops, it was likewise harmful to others such as corn and rice. The CFP predicts a decline in their production of 2 and 3 percent respectively. Therefore, rice production is estimated at 8.86 million tons, compared to 8.99 million tons last harvest, and corn production should reach 20.56 million tons, whereas in the last harvest it reached 21.17 million tons. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Mar 85 p 36] 8908

**INTERBRAS TECHNOLOGY FOR ARGENTINA**--INTERBRAS [PETROBRAS International Trade Inc.] won in international bidding for providing energy conservation systems to be installed in the refineries of the Government Oil Deposits (YPF), the Argentine state petroleum company. The technological package has a value of \$478,500,000, financed by the World Bank. The packing involves the export of air preheating equipment for furnaces, which will be built by Mecanica Continental, a heavy equipment manufacturing plant of Sao Paulo, under the supervision of PETROBRAS. The period for delivery is 12 months. PETROBRAS will provide the technology and technical assistance for the specifications of the project, which will be established by an Argentine firm, and help in the preoperation and warranty testing phase. That technology was developed by PETROBRAS in its energy conservation program, which resulted in the saving of \$40 million annually and consists of the utilization of the energy of gases expelled by chimneys for heating the air in the petroleum refining process. [Text] [Rio de Janeiro O GLOBO in Portuguese 9 Mar 85 p 17] 8908

CSO: 3342/132

CHILE

FRENCH AMBASSADOR EMPHASIZES TECHNICAL COOPERATION

Santiago LA NACION in Spanish 13 Mar 85 p 5

[Text] The new French ambassador to our country, Paul Depis, stated that he intends to "be a loyal witness to the Chilean situation." The French diplomat made his statements upon presenting his credentials to the president of the republic, Commander in Chief Augusto Pinochet Ugarte, in a ceremony that was also attended by Foreign Minister Jaime del Valle.

In his speech accepting the French ambassador's credentials, President Pinochet stressed the cultural, scientific, technical and friendly ties between the Chilean and French people since the dawn of our independence.

The leader said that at present these bonds are being strengthened "through projects of great importance, such as mass transit, telecommunications and hydroelectric power plants, which have received major contributions from France."

President Pinochet emphasized that "my government is constantly aware of the need for unlimited respect for the principles that defend the dignity and security of man, and is striving to ensure, despite the blows dealt by nature, the spiritual and material development of the people of Chile."

Ambassador Depis, for his part, indicated that "in the area of scientific and technical cooperation, the actions that I intend to take will pursue harmoniously agreed upon goals in certain sectors, in accordance with priorities that have been established by common agreement."

He stated that in "economics, France's presence in Chile today is characterized by cooperation in high-technology sectors." Later he emphatically asserted that "investments are taking place with a reciprocity that deserves recognition."

He concluded his speech, given in French, by stating: "As for me, His Excellency can rest assured that I will be a loyal witness to Chile's situation. I will be a faithful and assiduous interpreter of France's concerns for a country which, throughout its history, has shared the ideals of liberty, dignity, and the rights of man, in a constant search for world peace."

8926  
CSO: 3348/490

CHILE

OPPOSITION, MEDIA ACCUSED OF MINIMIZING GOVERNMENT AID

Santiago LA NACION in Spanish 14 Mar 85 p 5

[Text] Minister Secretary General of Government Francisco Javier Cuadra yesterday asserted that certain sectors are trying to capitalize politically on the earthquake that took place Sunday the 3rd of this month and left more than 100 people dead, a large number injured, and thousands homeless, in four regions of the country.

This accusation was made at a press conference called for the purpose of reporting on the issues discussed at the Cabinet Council, which was chaired by the chief of state and was attended by the members of the Honorable Government Junta.

"A general and specific report on various areas affected by the earthquake was discussed at this cabinet meeting. The ministers of the interior, health, housing, education, public works, transportation, foreign relations and the Production Development Corporation (CORFO) presented a report. Thus, all the areas of the different sectors and levels of the work that has been carried out since 3 March were covered," stated Minister Cuadra.

Coordination

He went on to note that special emphasis should be given to the coordination that has taken place in all emergency and reconstruction efforts, which began last week.

He added that these tasks have specifically focused on the resumption of public services as soon as possible in order to enable the residents of the affected areas to go on with their lives.

He also reported that the damages were assessed for the purpose of beginning reconstruction in accordance with the real requirements and needs. Therefore, "we did not give in to the temptation of exaggerating things and getting carried away with measures that often turn out to be futile and do not exactly meet the needs that arise."

### Assistance

According to the minister secretary general of government, "complete emergency assistance has been provided in the areas hit hardest by the earthquake. Various measures have been taken to maintain proper sanitation and solve the housing problem, which appears to be the most complex and delicate issue arising out of the earthquake. The military and the Forces of Order have carried out emergency tasks in cooperation with the Interior Government authorities, coordinated by the minister of the interior in accordance with instructions from the president of the republic.

### Contrast

Minister Cuadra continued that in the Cabinet Council, which lasted 195 minutes, "there was also a detailed report on the expressions of sympathy and offers of aid and cooperation that came from various friendly nations and international institutions, and that were analyzed by the foreign minister. In this regard, after the detailed explanations, the cabinet thoroughly discussed the contrast between the efforts made, on the one hand, by the government, the public, the mass media and foreign countries to solve the different problems that have resulted from this catastrophe, in a spirit of solidarity, orderliness and hard work, and the terrorist actions that we had to deal with, primarily last week, on the other hand."

"Another topic of discussion was the fact that certain sectors have made political capital out of this situation, particularly the popular activists in the areas where people's houses were lost or suffered serious damage. The authorities know about this plight, and from the first moment we have been working to solve the problem, within the priorities established," said Minister Cuadra.

On this same issue, he indicated that the government's efforts on behalf of the victims may have run into some difficulties, and these have obviously "been used and magnified by some sectors. In fact, we have had access to information, pamphlets and the like, distributed among the people to urge them to complain about the problems that may have arisen. In this regard, I think the best thing is for the citizens to convey any information they can provide to the appropriate authorities. Obviously, the necessary measures will be taken to rectify the situation."

### Disruption

Minister Cuadra went on to say that the Cabinet Council in yesterday's meeting expressed concern "about the actions of some mass media organs that have in specific instances provoked disruption, distorted the facts, and covered up the work that has been done to help our compatriots who were most seriously affected by the earthquake; in sum, they are trying to divide the citizenry. All this comes at a difficult time for us, and is thus doubly significant because in the face of material difficulties, the citizens need a stronger spirit. Such disruptive attitudes threaten that spirit, and create a false environment of public opinion that forces the authorities to consider alternatives to solve this problem, if it continues.

The minister declined to identify the organs of the mass media that have participated in this disruption, indicating that "the government has been very tranquil and serene in facing the emergency in this regard. Since we all know each other in Chile, it is better not to point fingers and to wait for an immediate rectification in these organs so that the government does not have to take certain steps."

Finally, Minister Cuadra indicated that at the Cabinet Council the president of the republic expressed some views about the institutional effort, to which the minister of the interior referred at a meeting of the Economic and Social Council, "and about which the president of the republic will report to the people in the next few days."

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CSO: 3348/490

CHILE

#### AMBITIOUS EXPORT DEVELOPMENT PLAN QUESTIONED

Santiago EL MERCURIO in Spanish 18 Mar 85 p A-3

[Text] After some vacillation that seemed to peak on 17 September 1984, the idea that the economic future of Chile is closely tied to the development of its exports has been stressed again.

At that time, the sharp increase in tariffs left the widespread feeling that the line that had been followed for the past 10 years with great sacrifice had been abandoned. Fortunately, 90 days later the president of the republic ordered that the course be corrected, establishing a timetable of 6-month reductions that made it possible to return to the original situation quickly.

At the end of last February, this was reinforced by moving up the first reduction and devaluing the peso compared to the U.S. dollar.

In a recent statement, the director of PROCHILE [Institute for Export Promotion] estimated that Chile will see its nontraditional exports double in the next 5 years in response to the favorable conditions for the development of these activities.

The first conclusion drawn, then, is that the government is again encouraging an ambitious export plan. The mentioned plan is ambitious because it assumes an accumulative annual growth of 15 percent. It must be taken into consideration that a growth of this magnitude is approximately three times more than what could be considered very satisfactory for the Chilean economy and five or six times more than the growth planned for industrialized economies during the same period.

This means that the national exporters have a challenge to gain ground with respect to other domestic activities and, even more difficult, to gain ground beyond our borders.

Although the challenge seems enormous, it is not impossible to succeed. To support this statement, it should be recalled that total Chilean exports more than doubled in the period 1974-80. Nontraditional exports doubled in even less time.

Examples could be cited of other countries that proposed to resolutely approach foreign markets. They have achieved the same or better results than those predicted by the director of PROCHILE.

Nevertheless, it must not be ignored that it will be necessary to conquer stubborn resistance both inside and outside the country. The former includes those who will be forced to modernize to meet the competition that lower tariffs entail. In the latter, tendencies toward protectionism that have flourished in the world as a logical consequence of the prolonged international crisis prevail.

Due to their magnitude, these difficulties can only be conquered by a concerted effort that is translated into a plan like the one the government seems to be designing.

7717  
CSO: 3348/517

CHILE

NEW LUXURY TAX SAID HARMFUL TO LEGITIMATE BUSINESSES

Santiago TERCERA DE LA HORA in Spanish 16 Mar 85 p 14

[Text] The manager of the National Chamber of Commerce, Humberto Prieto, yesterday called the announcement of a new tax that would be applied on the consumption of luxury articles "a negative situation." "It would add to the burden of \$80 million that our sector suffered in losses due to the earthquake."

In his opinion, "announcing new taxes for the private sector, particularly commerce, is a negative situation. The country already has a high enough tax level."

He stated that this situation is even worse since it is a "discriminatory tax. It will lead to more street vendors, underground trade and other means of tax evasion, causing direct harm to established trade and employment in the sector."

He stated that trade employs the largest number of workers in the country. "Naturally, a luxury tax will lower sales and employment."

In July 1984, the possible application of a similar tax had been announced but this was finally replaced by a decision to raise tariffs.

Recalling that, Humberto Prieto observed: "The mere expectation that this tax would be applied increased sales, lowered 'stocks' of products to be affected by the tax and also increased import licenses. As a consequence of all this, the country unnecessarily spent between \$50 million and \$100 million."

The Chamber of Commerce requested a meeting with Minister of Economy Modesto Collados to "learn his version of the information that appeared in the newspapers."

7717  
CSO: 3348/517

CHILE

COMMISSION PROMOTING DOMESTIC MARKET DEVELOPMENT REACTIVATED

Santiago EL MERCURIO in Spanish 16 Mar 85 pp C-1, C-2

[Text] The minister vice president of the Production Development Corporation (CORFO), Brig Gen Fernando Hormazabal, decided yesterday to reactivate the Executive Secretariat of the Capital Goods Commission, which was established to encourage state enterprises to fill their needs with national products.

Ljubomir Zaninovic Astudillo was put in charge of the Commission; he will work in conjunction with the pertinent agencies to carry out this program successfully.

"By providing incentives for the use of Chilean manpower in supply industries," indicated Minister Hormazabal, "We are effectively and expeditiously carrying out the instructions of the president of the republic in order to stimulate the domestic market and at the same time deal with the concerns of the private productive sector."

Among its activities, the Commission will study the investment projects of the public sector enterprises, so that the capital and engineering goods associated with such projects can be planned sufficiently in advance. Thus, national industry will be able to play a role in these projects and develop the required products and services.

"This CORFO Commission," stated the vice president, "will provide the industrial sector with the information it needs to be able to prepare the required products in time."

Efforts will also be made to enlist the support of private and state entities to help the country's suppliers compete on similar terms with their foreign counterparts.

This Commission was created in 1968, but it ceased operating 8 years later.

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CSO: 3348/516

CHILE

INTERVENED BANKS BROUGHT NET LOSSES TO FINANCIAL SYSTEM

Santiago EL MERCURIO in Spanish 14 Mar 85 p B-1

[Excerpt] The Chilean financial system chalked up losses of 60.15 billion pesos in 1984, all of which correspond to the banks subject to intervention. Several institutions recorded net profits or ended the year "at zero," revealed a report by the Superintendency of Banks and Financial Institutions.

The losses reported by the system as a whole for last year were practically double those registered in the 1983 general report, when there was a deficit of 30.962 billion pesos.

The negative annual result was concentrated primarily in the "national banks," whose losses totaled 34.124 billion pesos in 1983. Among these banks, those subject to intervention (Chile, Santiago, Concepcion, Internacion and Colocadora) account for all of the losses. These institutions' books cannot be compared in any case, because they were unable to sell their portfolios under the same conditions as other banks.

The remaining banks registered "zero balances," which means that they had to use their surpluses to absorb expenses and losses and to repurchase holdings that had been sold.

Financial institutions earned 32 million pesos, slightly less than half the 1983 earnings figures.

The most important progress, according to the Superintendency's report, was seen in the foreign banks. Their profits rose from 1.083 billion pesos in 1983 to 4.546 billion last year.

It should be noted that the total profits of banks that ended 1984 in the black rose to 8,655,300,000 pesos, a figure which was dwarfed by the 68,804 billion pesos in losses.

Examination of Results

In addition to the numerical report, the Superintendency added a thorough analysis of the banking sector's situation, claiming that in 1984 "the system was able to overcome to a great extent the stagnation it had been suffering since the country's financial crisis began."

This assertion is backed up by the fact that while in 1983 demand and time deposits experienced real declines of 13.3 and 18.9 percent, respectively, in 1984 they underwent real growth of 22.3 and 9.6 percent. A similar trend was noted in mortgage investments, which grew by 14.2 percent.

The report explains that this positive development was undoubtedly helped by "the passage of a law that provided for a full state guarantee of bank deposits. The law is only temporary (until 31 December 1985), and will cease to apply when the financial system returns to normal." It adds that "the future development of the banking system on solid ground and with private backing requires adequate self-vigilance by the depositors, which is inconsistent with such a guarantee."

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CSO: 3348/490

CHILE

#### WINE INDUSTRY DAMAGED BY EARTHQUAKE

Santiago EL MERCURIO in Spanish 18 Mar 85 p B-1

[Excerpt] About 3 million liters of wine were lost in our country as a result of the earthquake that shook a good part of national territory last 3 March. This information was provided by the general manager of the Vina Torres winery, Miguel A. Torres, after a meeting between him and officials of the Agriculture and Livestock Service (SAG).

According to the executive, this loss was due primarily to the breakage of old wooden barrels; their cement bases shifted, causing their bottoms to become detached, and thus the aforementioned quantities of wine were lost. Torres added, however, that this figure is relatively unimportant, considering that national production totals 500 million liters, meaning that the loss represents only 0.5 percent.

In the specific case of Vina Torres, the executive reported that of a total of 500,000 bottles in storage, only about 1,000 were broken.

#### Company's Situation

The businessman indicated that the winery, which has operated in Chile for 5 years, earned profits for the first time this past fiscal year. He added that capital continues to be imported from Spain, where the head office is located, in order to carry out a number of projects. Little by little, the materials and inputs used have been replaced with nationally produced items, such as boxes, bottles and labels.

He reported that in 1984 the first wine exports were made, to markets in Holland, Belgium, France, Northern Ireland and Australia.

In this regard, the executive stressed the action taken by ProChile, an agency which has launched a campaign in the U.S. market with the help of 11 Chilean wineries to create a positive image of Chilean wines among that nation's consumers.

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CSO: 3348/516

CHILE

RENEGOTIATION WITH PARIS CLUB NOT PROJECTED

Santiago EL MERCURIO in Spanish 16 Mar 85 p B-1

[Article by Joaquin Lavin]

[Text] Now that the initial impact of the request for US \$1.05 billion in new credit for this year has been felt by the creditor banks, a team of experts from the Central Bank began direct negotiations yesterday to obtain new credit and to reschedule the payments on the foreign debt that should have been made this year.

With regard to the topics to be covered in the renegotiation, reliable sources mentioned the following points:

1. Various Formulas for US \$1.05 billion: The additional \$1.05 billion in loans may be extended under a variety of formulas. For example, the calculations that arrived at that figure are based on a given contractual interest rate. If the banks agree to give Chile a lower spread, that would be equivalent to providing additional funds, so the new loan could be for a lesser amount.

Furthermore, it is also possible that the new loan will be for a little less, but that the difference will be made up by increasing the lines of commercial credit. In other words, there are various mechanisms through which Chile may receive US \$1.05 billion, and a new credit for exactly that amount is not necessarily the only formula.

The mechanisms for distributing these resources may be of particular importance to the 12 banks, since they must seek a formula that is "presentable" to the "small" creditor banks, which are not on the committee and will have to be visited in a few weeks.

2. Chile Will Not Renegotiate with the Paris Club: One of the questions asked by the bankers at Thursday's meeting was related to the Paris Club, the vehicle for the renegotiation of government-to-government loans, as well as loans from some other official sources. According to the banks, if Chile is renegotiating, it must do so with all its creditors, not just a few. Thus, they feel that it is "discriminatory" for our country to refuse to renegotiate its debt with the members of the Paris Club, to which it owes US \$200 million; these debts are being paid off in the normal fashion.

The finance minister responded that Chile will not renegotiate its debt with the Paris Club for an economic reason: This year Chile expects to receive new loans from the governments that belong to that Club, for amounts higher than the payments that must be made in 1985. Thus, said Buchi, if Chile proposes a renegotiation, that could be a stumbling block to these new loans.

The creditor banks themselves would benefit, claimed the minister, if the country received the highest possible amount of new funds from a different source, such as the Paris Club. So far this is happening, and any attempt at renegotiation could destroy that situation.

3. No Guarantee for Private Banks' Foreign Debt: One of the key aspects of the negotiation, which was not brought up at Thursday's meeting and which both sides took for granted will be left for a later decision, is the state's guarantee of the private bank foreign debt. It is well known that the government has never given a guarantee to back the direct foreign debt of private Chilean firms, but in the 1983 negotiations it did agree to provide such a guarantee for the debt of the private banks.

At present, the government-guaranteed private bank foreign debt is US \$2.142 billion, which corresponds to the renegotiated payments for the 1983-1984 period. On this occasion, Chile's position as conveyed to the banks is that for the 1985 payments, the state will not guarantee the banks' foreign debt. The argument presented by the Chilean delegation is that the financial system's circumstances have changed for the better, so the private banks are in a better position today than in 1983; therefore a guarantee is not justified. It is also pointed out that the state guarantee may have been reasonable 2 years ago, when the state was taking charge of the banks through intervention. But now the situation is just the opposite; these banks are being returned to the private sector, so a state guarantee would not be appropriate. Chile's position will undoubtedly lead to heated discussions with our creditors.

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CHILE

BRIEFS

MELIPILLA GOVERNOR, MAYOR NAMED--Melipilla--Army Lt Col Alejandro Gonzalez Sahomod will take office as interim governor of Melipilla Province to replace Carabineros Lt Col Omar Oyarce. Army Lt Col Patricio Roman Herrera was appointed interim mayor of that community to replace Rafael Morande Fernandez. [Excerpt] [Santiago TERCERA DE LA HORA in Spanish 16 Mar 85 p 4] 7717

AFRICAN MARKET EXPORT POSSIBILITIES--A seminar on "African markets for Latin American products" will be held in April to explain the potential markets in Africa to Chilean exporters. This informational meeting that will be held in the Diego Portales Building is being organized by the Undersecretariat of Fishing in coordination with the National Association of Fishing and PROCHILE [Institute for Export Promotion]. The seminar will be opened by the under secretary of fishing, Roberto Verdugo. The objective of the seminar is "to show Chilean exporters the potential markets in Africa and their prospects," according to that office yesterday. The agenda includes the market in Western Africa for small pelagic species, frozen products and canned and dried products. The volume of imports by country, the requirements for products and quality, profiles of the main importers, purchasing procedures, forms of payment and other technical matters will be analyzed. FAO consultant Stig Valand, a Norwegian economist with great experience in studies and research on markets for fish products, will speak at the seminar. [Text] [Santiago LAACION in Spanish 16 Mar 85 p 8] 7717

ELECTRICITY DEVELOPMENT FOR SOUTH--Providing electricity 24 hours a day to towns that today have no electricity or only have it for a few hours is the basic objective of the project to build nine "mini" power plants in Regions X and XI. This was announced by Edmundo Hernandez, chief engineer of the energy section of the Production Development Corporation (CORFO), which is in charge of developing the project. The program entails the installation of "mini" hydroelectric power plants in Alto Palena, Futaleufu, and Chaiten; Cochrane, Chile Chico, Puerto Ibanez, Villa Manihuales, Puerto Cisnes, Puyuhuapi, and La Junta. These places currently are unable to join the national network or the Region XI network, between Puerto Aysen and Balmaceda, due to the enormous costs that stringing the power lines would involve. The selected plants, in addition to keeping operational costs down, will have capacities of between 100 and 700 kilowatts. This will be enough to allow for the installation of

refrigeration units, for example, to store fish in Puerto Cisnes, and thus will improve fishing development in that area. If there are no serious delays, this power plant will be ready to operate within 12 to 18 months, once construction begins. The programs for the Cochrane and La Junta plants are now being studied by National Electric Power, Inc. (ENDESA), and will later be opened for bidding; then the civil construction will be contracted, and the purchase orders for the equipment will be set up. [Excerpts] [Santiago EL MERCURIO in Spanish 15 Mar 85 p C-2] 8926

CSO: 3348/490

COLOMBIA

BRIEFS

EXPENDITURES COMMISSION SCOPE ENLARGED--The government expanded the scope of the commission on public spending yesterday, a commission formed to identify possible cuts and the revision of administrative instruments of public monies, in response to the search for solutions to the fiscal crisis. At the same time, there were reactions for and against the commission. Some consider that the control of spending must be solely in the hands of the government. Others suggest that an organization with relative independence could help manage public affairs. The commission was expanded with the names of Sebastian Arango Fonsegra, former vice minister of finance (conservative) and professor at Javeriana University; Alvaro Pachon, investigator of the Regional Population Center Corporation, World Bank adviser and professor; and Gabriel Rosas Vega, economist and representative of New Liberalism in the Chamber, former dean of economics of Javeriana University, economist and an active participant in the debate raging in recent years on fiscal issues. [Text] [Bogota EL TIEMPO in Spanish 14 Mar 85 p 13-A] 11,464

TWO NEW OIL WELLS--Two new oil wells, named Jordan 1 in Casanare and San Francisco 1 in Huila, have been discovered by the foreign companies ELF Aquitaine [Gas and Lubricants of France] and Houston Oil, according to the Colombian Petroleum Enterprise, ECOPETROL. Although the size of the total reserves of the two discoveries is not known, initial testing at the Llanos Orientales well yielded 1,200 barrels of crude a day and at the Alto Magdalena Valley well, 303 barrels a day. These were the first exploratory wells drilled by ELF Aquitaine and Houston Oil in 1985 in areas belonging to partnership contracts signed by Cusiana and Palermo with ECOPETROL. According to the contracts, ECOPETROL grants prospecting permits to foreign companies, which incur all risks of the work performed. If a discovery is made that would be marketable, the national company assumes up to 50 percent of the exploratory costs. Yesterday, two new partnership contracts were announced with Texaco Exploration [sentence not complete] [Excerpt] [Bogota EL ESPECTADOR in Spanish 14 Mar 85 p A-1] 11,464

OIL EXPORT TAX PROPOSED--The government has proposed to Congress that an 8-percent tax be placed on oil exports of ECOPETROL, monetary issuances amounting to \$90 billion for 1985 and 1986, the repatriation of capital and other measures aimed at covering the deficits in the budget resulting from the nation's spending. It provides for a reallocation of income now going to the SENA [expansion unknown], the Family Welfare Institute, PROEXPO [Export Promotion

Fund], the National Highway Fund, CORTURISMO [Corporation for National Tourism], the National Coal Fund, the Notary and Registration Superintendency, the Rotating Tariff Fund and FOCINE [expansion unknown]. The text of the proposal then spells out the tax on ECOPETROL exports, despite the fact that the comptroller general, Rodolfo Gonzalez Garcia, has condemned it as "a contradiction" of the economic policy, inasmuch as last year, the price of gasoline was raised in order to obtain revenues to finance oil operations in the national territory and now, that income will be taken away with a new tax! [Excerpt] [Bogota EL TIEMPO in Spanish 14 Mar 85 p 12-A] 11,464

EL CERREJON COAL PRODUCTION SOLD--In mid March, with over 60 percent of its production already covered by contracts and the remaining 40 percent by firm offers in the hands of international customers, CARBOCOL [Colombian Coal, Inc.] has practically guaranteed the sale of El Cerrejon production for 1985. Customers who will take delivery of El Cerrejon coal during this year and the following years are in countries as diverse as Sweden, Spain, Puerto Rico, the United States, Norway, Panama, France, Finland, Denmark, Ireland and Greece. With the initiation of exports a year ahead of schedule and with the signing of recent important sales contracts, Colombia is successfully competing on international coal markets thanks to the high quality of its heating coal and its strategic location with respect to markets. In addition, production costs at El Cerrejon North Zone, in full production, will be among the lowest in the world, enabling El Cerrejon to compete with producers in countries offering low costs, such as South Africa, Australia, and so on. CARBOCOL officials stress the importance of analyzing the economic value of such projects in the long range (30 years), due to the enormous investments needed to compete on the market. [Text] [Bogota EL ESPECTADOR in Spanish 16 Mar 85 p 10-A] 11,464

CSO: 3348/501

CUBA

BRIEFS

SALT EXPORTS TO RISE--Workers in the salt industry have pledged to increase the export of salt to 35,000 tons this year and in this way bring about more hard currency earnings. Last year the export figure was 8,000 tons. This is due to improvements in the industry over the last five years that included enlargements at salt extraction and processing centers such as those at Bidos, in Matanzas Province; Caimanera, the largest in the country; 9 de Abril in Villa Clara; and the one in Nuevitas. This year the plan calls for the extraction of 370,000 tons of salt, of which more than 55 percent correspond to the Guantanamo enterprise, which during the last few years has been especially outstanding and has enabled salt to be sold to the population unrationed. Workers are also striving for more efficiency and the rational use and conservation of energy. [Text] [Havana GRANMA WEEKLY REVIEW in English 3 Mar 85 p 3]

UBRE BLANCA DIES--Ubre Blanca, the Cuban cow that became famous for setting several records in milk and fats production and lactation, had to be put to death in order to spare her further suffering caused by a disease that would have eventually killed her. The remarkable animal, a crossbreed of Holstein and Cuban Zebu and noted for its sturdiness and adaptation to a tropical climate, was given wide coverage in the Cuban press when it produced 110 liters of milk in a single day, a record figure. Its output for 1 year was 27,674 kilograms, a world record that still stands. Ubre Blanca's records are listed in the Guinness Book of Records. Ubre Blanca set the above records in 1981 and 1982. By then, signs of a skin disease had been detected on her left rump. The animal underwent surgery, followed by tissue transplant and treatment with interferon and other medicaments. In December 1984 the disease began to spread and eventually impaired the animal's mobility and general health. The champion cow was over 13 years old and had never been affected by metabolic disturbances common in cows known for their high production of milk. Ubre Blanca's body will be stuffed and mounted by taxidermists of the Felipe Poey Museum of the Academy of Sciences of Cuba. This will enable the future generations to admire the remarkable animal. This year, eight calves are expected to be born to surrogate mothers who underwent implantation of Ubre Blanca's embryos. [Text] [Havana GRANMA WEEKLY REVIEW in English 17 Mar 85 p 3]

CSO: 3200/36

HONDURAS

APPEAL ISSUED ON BEHALF OF REGION'S REFUGEES, DISPLACED

Mexico City DOCUMENTACION E INFORMACION CATOLICA in Spanish 7-14 Mar 85 p 171

[Text] Editor's Note: From 18 to 22 February 1985, at the El Tabor Retreat House near the Honduran capital of Tegucigalpa, a group of Mexican, Dominican, Central American and Panamanian bishops met with representatives of government agencies and people involved in assisting the refugees and displaced persons in Central America and Mexico. The meeting, called for the purpose of studying the problem posed by the growing number of these refugees and displaced persons, was chaired by the Salvadoran archbishop, Monsignor Arturo Rivera y Damas. It was generously supported by the International Catholic Commission for Migrations (CCIM) and for "Caritas Internacional." The Mexican delegation comprised Monsignor Rafael Bello Ruiz, archbishop of Acapulco; Monsignor Hector Gonzalez Martinez, bishop of Campeche; Father Javier Velasco of the diocese of San Cristobal de Las Casas; Manuel Irigoyen and three members of the Center for Studies and Social Promotion (CEPS). At the end of several days of intensive study, the following joint declaration was released.

Declaration of the First Central American Meeting on Refugees and Displaced Persons

1. At the El Tabor retreat house in Valle de los Angeles, Honduras, we, the delegates from Mexico, Santo Domingo, Central America and Panama, were convened by the Episcopal Secretariat of Central America (SEDAC) to hold the First Central American Meeting on Refugees and Displaced Persons.
2. As members of the Church, we have been guided by our bishops in studying the urgent problem of human displacement in light of the Gospel, in an effort to identify the causes of such a painful tragedy, the possible solutions and the means to respond effectively to the constant clamor of our brothers, whom we wish to support by raising our voices and serving them for the love of Christ.
3. The first step, after noting the rising tide of human migration, has been to define what we understand by the terms "refugee" and "displaced person," to prevent ambiguity. For us, "refugee" means not only a person officially recognized as such, but anyone who has fled his country seeking protection in another because his life, security or liberty has been threatened by the widespread violence, foreign aggression, internal conflicts, massive violation

of human rights and other circumstances that have seriously disturbed the peace.

4. "Displaced" refers to the person who remains in his own country but is forced to leave his habitual residence for the same reasons indicated in the case of refugees.

5. The number of displaced persons in the Central American region is incredibly high: it exceeds 1 million, and is much higher than the figure released by the United Nations High Commission for Refugees (UNHCR), which indicated that there were 326,000 in 1983, although only 91,000 have been officially recognized.

6. The fundamental root of this human problem is the social injustice that plagues all our countries and has unleashed violence, terror, insecurity and persecution.

7. As a result of this Meeting, we commit ourselves to being more generous in providing services to these brothers, whom we regard as living members of the body of Christ that is still being crucified today by such injustice.

8. We have noted that a large number of refugees and displaced persons are facing enormous difficulties with the authorities because they do not have personal identification documents, or because of the failure of national and international authorities to officially acknowledge the situation. We would like to state our concern for the record.

9. We invite Christians and men of good will in our countries to listen to the clamor of these brothers, the victims of government repression, military actions and violence by radical groups, who have been forced to leave their homes and belongings to gather, inside and outside their own countries, in tiny spaces that lack the most basic conditions for human life, nutrition and health. We also respectfully urge the governments of our countries to give priority to this problem.

10. In the name of the refugees and displaced persons, we admire and appreciate the work carried out by the national and international agencies in an exemplary gesture of human and Christian fraternity.

We also publicly recognize Caritas Internacional, the International Catholic Commission for Migrations, and Catholic Relief Services, agencies which have sponsored this Meeting and made it possible. We would like to express our gratitude to the Honduran Caritas, and to extend a cordial greeting to the people of Honduras, especially the refugees and displaced persons who live in this country. We pray for the maternal protection of the Virgin of Suyapa for all of them.

Valle de Angeles, 22 February 1985.

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MEXICO

GOMEZ, GASCON DIFFERENCES LEAD TO PSUM SPLIT AT PLENUM

Gascon Charges Against Gomez

Mexico City UNOMASUNO in Spanish 5 Feb 85 pp 1, 5

[Text] Yesterday, Alejandro Gascon Mercado claimed that Pablo Gomez, secretary general of the Unified Socialist Party of Mexico (PSUM), accompanied by about 100 sympathizers, seized control of the PSUM conventions in Sonora, Jalisco and Nayarit to force antidemocratic decisions and to appoint delegates to the national electoral assembly to be held this month. In the case of Nayarit, where Gascon Mercado is PSUM's leading force, Gomez arrived with an overt plan as a provocateur, seeking a confrontation and encouraging the expulsion of the party's leader in Nayarit.

Gascon Mercado, loser of the governorship of Nayarit as a result of a conspiracy between Jorge Cruickshank Garcia and the then president of PRI [Institutional Revolutionary Party] in 1975, Porfirio Munoz Ledo, claims that the members of the old Communist Party headed now by Pablo Gomez are attempting to oust him from PSUM at any cost.

He asserts that he does not want to leave this party, but that the decision is not in his hands, and is not even a reasoned decision on his part, but rather the decision of his own fellow party members, who are unwilling to give in even a centimeter in the political decision.

The "assault" on the Nayarit convention will be challenged by Alejandro Gascon Mercado himself before the Central Committee plenum which opens tomorrow, and which he will attend for the sole purpose of explaining the serious acts that (he said) augur a violent seizure of power within PSUM.

Gascon Mercado noted that he and his movement (holding the Socialist control on virtually the entire Pacific side: Baja California, Sonora, Sinaloa, Nayarit and to some extent, Chihuahua, as well as in states such as Tabasco and Yucatan) have left everything to the decision of the Central Committee.

Gascon Mercado commented: "We have yielded in all respects. We are not even fighting for deputy positions, because we don't want to take the ideological-political battle to the economic issue, where those claiming that there is

currently fighting in PSUM over the deputy positions, owing to the millions of pesos that they will earn in the next legislature, want to put us. We are not fighting for money, but rather for an ideological position that we consider to be a battle on behalf of the people's causes and against their oppressors."

The Nayarit leader accepts the possibility of his separation from PSUM, and remarks that everything will depend on the conclusions from the forthcoming Central Committee meeting, at which he will denounce the direct action of the secretary general, Pablo Gomez, who (he claims) acted as a saboteur of both the Nayarit convention and those in Jalisco and Sonora, in order to hold conventions paralleling the democratic ones held in those states.

Anti-Gomez Document

Mexico City UNOMASUNO in Spanish 6 Feb 85 p 4

[Text] Today, the 11th National Plenum of the PSUM Central Committee will open, taking up virtually only one topic: the charge against Secretary General Pablo Gomez of sponsoring antidemocracy in the election processes for delegates to the National Electoral Assembly (from which the PSUM candidates for federal deputy will emerge), and of encouraging an atmosphere of internal violence intended to put out into the street an entire movement calling itself "democratic and radical" headed by Alejandro Gascon Mercado, so as thereby, contrary to any political price or credibility, to bolster the perpetuation of the former leadership cadres of the abolished party as a current Mexican Communist Party.

Cesar Navarro, former secretary of organization for PSUM and a Central Committee member, observes that, in his desire to become consolidated in power despite anything, Pablo Gomez and his group have acted in two very clearcut directions:

Creating parallel committees intended to replace those elected democratically in the following states: Baja California, Sonora, Durango, Zacatecas, Nayarit, Jalisco, Guanajuato, Yucatan and the Federal District itself, as well as the State of Mexico.

And changing the electoral list of members to inflate the number of delegates to the National Electoral Assembly (as had already occurred in the Second Congress, from which Gomez himself incidentally turned out to be elected) so as to manipulate the results and appoint as candidates for federal deputy those who are "feasible" and friends of the party's present leadership.

The charge will be submitted in a six-page document which cites, step by step, the process pursued by Gomez to take control of the entire power and of the next PSUM congressional faction in the Chamber of Deputies.

Signing the document, in addition to Navarro, are: Luis Javier Valero, Sergio Almaguer, Jose Santos Gonzalez Gallo, Horacio Garcia Perez and Luis Ortega Morales. They, together with Sabino Hernandez, Marcos Leonel Posadas, Manuel Stephens, Jorge Alcocer, Samuel Melendres, Pablo Pascual, Antonio Gershenson, Gustavo Adolfo Hirales and Juan Luis Concheiro (most of whom are members of

the so-called Political Commission, the top-ranking leadership entity in the Central Committee, and hence are very close to Pablo Gomez), comprised part of the Commission for Accreditation and Counting of Delegates to the National Electoral Assembly.

It was assumed that this commission would monitor any irregularities that might occur in the process of electing delegates to the National Electoral Assembly, in order to make the nomination of PSUM candidates for deputy clearcut and democratic, thereby avoiding conflicts and a further intensification of the unity crisis besetting PSUM.

Nevertheless, the accusers, in their documents, give an account of all the procedures that were followed to make the assembly which will begin on Friday and end next Sunday both antidemocratic and maneuvered.

The least that was discovered was the tampering with membership lists in order to procure a larger number of electoral delegates who were sympathizers of Pablo Gomez.

"For all these reasons, we do not think that the National Electoral Assembly will represent the real composition of the party, because it will be made up of a larger number of delegates than should really comprise it. This situation has been fostered and organized by the movement headed by the Political Commission of the Central Committee (headed by Pablo Gomez).

"The 'radical, democratic movement' of PSUM, to which we belong, insists upon a return to democratic existence within our party, which has been violated by the trouble-making, factional positions of a leadership which has taken a stand apart from the statutory legality and the most fundamental democratic principles that should govern our party's existence," concludes the document to be submitted to the Central Committee plenum today.

Cesar Navarro noted that the significance of the 11th CC National Plenum is such "that I would not hesitate to claim that it is critical to the very existence of PSUM. At it, there will be a decision as to whether there is an intention of constructing this party, or whether there is no longer any chance of our reversing the clearcut intention of the group headed by Pablo Gomez, which is attempting to oust us, so as to make room for whatever it may be."

The 11th National Plenum of the Central Committee has been set for 1000 hours this morning, in the main offices of PSUM in the Roma Colonia; and it will be attended by virtually all the 72 members comprising this entity.

#### Proceedings Postponed, Negotiations Attempted

Mexico City UNOMASUNO in Spanish 7 Feb 85 pp 1, 6

[Text] In an atmosphere of disruption, last night the PSUM leadership suspended its 11th National Plenum, in view of an imminent vote that would force Alejandro

Gascon Mercado and his movement, fully acknowledged as the second-ranking force in this party, to withdraw from the organization.

It was proposed to hold an unofficial, collateral meeting of six members of the Political Commission headed by Pablo Gomez himself, attended by Sabino Hernandez, Arnoldo Martinez Verdugo, Arturo Whaley, Adolfo Sanchez Rebolledo and Pablo Pascual, as well as six from the so-called Radical Democratic Movement, headed by Alejandro Gascon Mercado, which also included Salvador Castaneda O'Conors, Horacio Garcia Perez, Rodolfo Echeverria Martinez, Cesar Navarro and Luis Javier Valero.

At this meeting, which lasted about 35 minutes, Gomez' group proposed to that of Gascon Mercado the formation of the PSUM group of delegates from Nayarit to the National Electoral Convention to begin tomorrow, with some of those elected at the state convention that has been officially convoked, and with some of those from the other convention, which was sponsored by Pablo Gomez himself, assuming a position described by Gascon Mercado as one of "assault."

The negotiating commission, headed by Gomez, requested those from the Radical Democratic Movement to "make the effort" on behalf of PSUM unity and to prevent the situation from becoming more complicated.

Gascon and his followers refused to accept any unofficial negotiations, and asked Gomez to continue with the plenum so that the Central Committee might decide whether or not the official convention held by the PSUM state committee was valid.

It was remarked that, accepting any deal or arrangement as Gomez was proposing would mean taking a very serious step against the existence of PSUM, because they would be legitimizing not only the irregularities attributed to Pablo Gomez himself at Nayarit, with the alleged intention of manipulating the National Electoral Assembly, but also others fostered by his presence or by third parties in Baja California, Sonora, Durango, Zacatecas, Jalisco, Guerrero, the State of Mexico, Tabasco, Yucatan and Nayarit.

The main problem on which the National Plenum, that will continue today, must decide is just a single one: declaring the National Electoral Assembly scheduled to open tomorrow as legal and regular, or challenging the procedures that have been followed and changing or cancelling that assembly, in view of the large number of irregularities that have been committed and encouraged by the very secretariat general of PSUM.

The discussion held for over 10 hours yesterday was concentrated on a document submitted by the Central Committee itself (chaired by Pablo Gomez) in which, with a vocabulary of legality and appeals for unity, there is a questioning of the leadership of Gascon Mercado in Nayarit where, according to the electoral lists and registers, the largest PSUM group in Mexico is located.

On the first day of the Central Committee plenum, 50 of the 72 members comprising this entity showed up. Of them, 42 were registered as speakers, the majority of whom belong to the leadership apparatus consisting of former members of

the Mexican Communist Party who, in turn, are members of the Political Commission, the top-ranking organ of PSUM authority.

In the first discussions, there was submitted the document in which six of the 15 members of the Commission for Accreditation and Counting of Delegates to the National Electoral Assembly charged irregularities in the process of electing those delegates. This document was not discussed, but was put off for mimeographing and subsequent dissemination. The text directly accuses the PSUM secretariat general of causing the illegality.

Nor was the floor given to the PSUM deputy from Guerrero, Florentino Jaimes, who on that very occasion would denounce the irregularities committed in the selection of PSUM delegates in Guerrero, where he, his brother Jaime, Rodrigo Martinez Roque and Javier Lunchio were threatened with death by the secretary general in Alcozauca, a PSUM member with the surname Villanueva and a follower of Zenon Santibanez, by Pablo Sandoval (junior) and by Efrain Bermudez (who, in turn, are Gomez sympathizers); who, also according to Jaimes, were responsible for committing frauds in Guerrero in order to inflate the number of delegates who will presumably vote in favor of the proposals of the current PSUM secretariat general during the National Electoral Assembly.

Florentino Jaimes warned last night that, in view of the magnitude of the problem, it may be claimed that "this is the most critical time that PSUM has experienced, and could culminate in a real break."

He accused Gomez and his followers of having carried out an entire "conspiracy" against the democratic, participatory process, which was the purpose of this party's creation. He claimed that there is a great deal of dissatisfaction and that this situation is serious in Guerrero, because Gomez encouraged and fostered the confrontation among PSUM members.

Luis Javier Valero, for his part, noted that there is every indication that the PSUM leadership is attempting, on the one hand, to oust Gascon Mercado and his movement from PSUM and, on the other, to divert internal attention, by depicting the conflict as if it involved only a portion of the party, that of Nayarit, overlooking the fact that serious irregularities were committed in nine other states, including the Federal District and the State of Mexico. He said that it would appear that there is an attempt to expel Gascon, so as to arrive at the National Electoral Assembly without any problems: The fundamental reason is claimed to be that of procuring and controlling at least 20 positions in the Chamber of Deputies in the next legislature. Valero maintained that the dissidents, personified for the present by Gascon Mercado, are attempting to uphold the possibility of creating a party that would transcend the electoral issue and seek to depict itself as a Socialist alternative for Mexico.

In the event that there should be a vote against Gascon (which will apparently occur during the continuation of the plenum today), the members of the Radical Democratic Movement will meet separately to decide on the total break; and the National Electoral Assembly will be held without the participation of the delegates from at least four states.

### Crucial Vote on Convention

Mexico City UNOMASUNO in Spanish 8 Feb 85 pp 1, 5

[Text] The unity crisis that has weakened PSUM for nearly 2 years culminated yesterday in a split in that party when (in fact) the separation of the second most important movement in this entity, headed by Alejandro Gascon Mercado, was decided upon.

The break-off, persistently denied by the PSUM secretary general, Pablo Gomez, but accepted by virtually all the others who were present on the second day of the PSUM Central Committee's 11th National Plenum, including Gascon and his supporters, stemmed from a vote which, by 35 votes, disavowed the legality of the electoral convention held in Nayarit (where Gascon is head of the largest PSUM faction in the country), and questioned his leadership in that state: 14 votes against and there were four abstentions.

The assembly's disavowal was preceded by the charges made by Gascon and other PSUM members of illegal actions organized, encouraged and even carried out by the secretary general himself in order to create parallel conventions in at least nine states.

It is presumed that the current PSUM leadership did not have a majority of sympathizers in those states and, hence, its leadership would be made known at the National Electoral Assembly which will open today, to elect the PSUM candidates for federal deputy.

Gascon noted that PSUM had never become the party of unity: "We were always the disunified socialist party of Mexico."

Gomez described the charges against him as "false," and as part of artificial, disgraceful arguments. Concerning the break, he said: "I don't think that anyone is going to leave."

Regarding the charges made against him and other members of the former Communist Party who are now in the PSUM leadership, to the effect that they are attempting to create a hegemony so as not to allow the participation or promotion of other movements in the PSUM leadership, Gomez remarked that those claims are only "propaganda," a result of the fact that, in PSUM, one can say anything.

As for the hegemony of PCM [Mexican Communist Party] leaders in PSUM, he said: "The Mexican Communist Party no longer exists...it went out of existence 3 years ago."

He stressed over and over again that there were no grounds for the break nor for the withdrawal of Gascon Mercado's movement. Nevertheless, he reiterated his position that Gascon no longer represents the majority nor the desires of the Nayarit PSUM members who, he claimed, want a different leadership which will assume a leading position concerning the people's issues in that state.

With respect to the decision to close the doors of the PSUM plenums to the press, Gomez said that it was due to the fact that certain reporters were misinforming, by stressing speeches by PSUM members that perhaps were not the most important ones; and that, in view of this, it was decided not to open the meetings to the press.

Alejandro Gascon Mercado, for his part, remarked that the results of the vote taken yesterday, which invalidate his administration as a leader fully acknowledged by the PSUM majority in Nayarit and the conventions held through a legal notice, were the culmination of a maneuver which had already been attempted on another occasion against Sonora leaders and members.

He observed that the device is simple: encourage parallel conventions and then disavow both, the legal and the illegal.

He gave an account of the incidents in Nayarit, and a reminder that Pablo Gomez himself had caused a situation in the legally established assembly "at which we had 90 percent of the sympathizers, and I can prove it," and an atmosphere of violence which threatened to end in an undetermined death toll. He commented: "There would be deaths, because among workers things don't end with just blows." In view of this situation, "which would have been very serious for the existence of the party itself on the national level," it was decided to postpone the convention. Gomez had his way with about 100 "persons whom we did not know," so as thereby to appoint unauthentic delegates, and later prompt at the Central Committee plenum the notion that there had been two conventions and that, since it was not known who was right, both must be disclaimed and a commission appointed to determine responsibilities and hand down a decision. "And what is this commission going to do if the National Electoral Assembly opens tomorrow?" asks Gascon Mercado with a smile. "Will it perchance have time to talk with the two sides, to go to Nayarit to investigate and to return tomorrow to give its decision?" "No, he says, "it is part of the maneuver to invalidate us; but we shall pave the way for them, because we shall not attend the National Assembly, neither the delegates from Nayarit nor those from Jalisco, which in all number 25,000 fully identified PSUM members, comprising the largest group from this party in the country," he remarks.

Why did he want to invalidate you? He replies that, in this way, Gomez and his group would arrive at the assembly free to take control of the PSUM composition in the next Chamber of Deputies, and to make alliances with whom-ever they want, including PPS [Popular Socialist Party], to which Gascon belonged and which compromised the decision of the people of Nayarit which had given him the governorship nearly 10 years ago.

And, in fact, he establishes the line that his movement will follow, noting: "We are unwilling to make political life something that represents deals and negotiations, and playing with the people's interests. PPS betrayed the people of Nayarit, not us; and that cannot be tolerated. It is a matter of political dignity, which does not matter to some, and which is just a phrase to some. But honor does exist in politics and in all human activity. In this respect, no deals are made; rather, the rules are upheld. That is why the parties have not grown. We do not accept that."

He claimed that he and his movement had anticipated this attack, because experience and the treatment had caused them to expect it.

He remarked: "What happened here is the repeated habit of decades of sectarianism and lack of vision; of different, very different methods of interpreting political activity. That was what did not allow us to become united. We were never the Unified Socialist Party of Mexico...we were always the disunited Socialist party of Mexico."

Then he noted that what happened proves that it is no longer possible to fight alongside those heading PSUM. "What I think at present is that some of us have become worn out in this battle, in this internal strife. It is not worthwhile devoting years to fighting over matters of procedure when the enemy of the people is on the other side. For this reason, I shall not attend the National Assembly. We shall not continue in this internal struggle which is extremely exhausting. I think that they are better as allies...because if you cannot live with someone in a house, then you can move out, and continue to get along well."

Gascon Mercado, who remarked that, during the next 10 days, he would hold assemblies to determine the formal action to be taken, said: "It cannot be claimed that this experience has been disappointing, no. It has been very fruitful, because we have learned a great deal and we must analyze the results very carefully. It was a great accomplishment to have constructed PSUM; it gave rise to a reestablishment of the left, analysis and discussion, and knowledge of what the differences are. The process has been very constructive." He concluded by saying: "No one should be disheartened."

With the de facto break-off by Gascon Mercado's movement, the third force of the five which created PSUM has disappeared: Heberto Castillo's PMT [Mexican Workers Party] heeded the call for the creation of PSUM, but never joined, because of differences in its leadership composition and because of the initials and the logos; Roberto Jaramillo's PSR [Revolutionary Socialist Party] left PSUM last year, after a series of serious accusations against the PSUM leadership. With Gascon's movement leaving, in fact, the Mexican People's Party, which did abet the merger, is leaving. At present, PSUM consists only of those who comprised the Mexican Communist Party and the Socialist Action and Unity Movement. The so-called group of "raccoons," headed by the economist Cordera, became set up in such a way that now it does not appear to have any differences with the former PCM leaders.

As the 110th Plenum ended yesterday, there was discouragement and confusion among its members.

#### Walkout by Gascon Group

Mexico City UNOMASUNO in Spanish 9 Feb 85 pp 1, 5

[Text] Despite Pablo Gomez' insistence that there is no split in PSUM, about 300 of the 690 delegates left the National Electoral Assembly and reported that they would hold a meeting today at which their separation from that party would be formally announced.

Meanwhile, Alejandor Gascon Mercado, considered to be "head" of the dissident group which, in fact, decided to become dissociated from PSUM and which is claimed to have a majority in at least nine of the country's states, said that today, at the announced assembly, "It will be observed that I am not heading anything. It will be clear that the lack of leadership, and the obvious ineptitude of the PSUM leadership, were what caused this conflict which involves not only Socialists and Communists from Nayarit, but virtually the entire country."

Arturo Whaley, a member of the Central Committee and PSUM pre-candidate for deputy representing the Federal District, also agreed that the walkout of slightly over 40 percent of the delegates to the assembly represents a serious split indicating a far more serious problem both inside and outside PSUM.

He remarked that the dismemberment, during this period preceding the 1985 federal elections, represents a serious matter, not only for the party but also for the nation itself; because the way has been paved for the obvious, manifest rise of the right, represented by PAN [National Action Party] and the inclusion of big businessmen in political activity.

In response to the insistent question from reporters as to whether the walkout by the delegates meant a split, Gomez repeated over and over again that there was nothing of the sort. He explained that it was all due to a conflict which began in Nayarit because two PSUM conventions had been held there to elect delegates to the National Electoral Assembly and that, in view of the conflict, the Central Committee had decided to form a single delegation with members of the two assemblies. He added that this brought about differences in the group headed by Gascon Mercado and, for this reason, "about 40 delegates" walked out. And he added: "All right, they walked out...but they had better return."

He was told that, according to what had been claimed, those who left accounted for 42 percent of the delegates. Gomez laughed openly and said: "Only this newspaper will believe that and publish that; because it has no reliability."

The reporters answered him by saying that the delegates who left the assembly were not just from Nayarit, but from other states; to which Gomez retorted: "All right, about 40 from Jalisco left, and about 11 comrades from Guanajuato."

"And what about Sonora?" he was asked. "All right, about nine, some from Baja California." "And what about Puebla?" "About five, and no more than two from Guerrero."

"So doesn't that indicate that the problem is not just in Nayarit, but all over the country?" he was asked.

"No, the problem is in Nayarit. The comrades who left the assembly have merely assumed a position of moral support for the stance taken by Alejandro (Gascon Mercado). But it does not affect the other states, because in any event the committees are still operating," he replied.

As for whether the departure of Gascon's movement, which represented the Mexican People's Party, one of the five organizations which originally carried out the process of creating PSUM (the others were PMT, which never went so far as to merge, PSR, which left in 1983, and MAUS and PCM which still remain in it) did not ultimately leave those who comprised the Communist Party alone, Gomez said that this was another fallacy. He claimed: "The leaders have gone, not the rank and file, and Jaramillo's departure does not mean that those from PSR have gone, nor will Gascon's likely departure mean that those from PPM are leaving." He cited Sabino Hernandez and Manuel Stephens (two former PPM members) as some of those still remaining in PSUM.

He was asked persistently: "All right, doesn't what has happened mean that now only PCM is left in PSUM?" He answered: "I would say this: if UNOMASUNO wants to editorialize on this matter, it has every right. If UNOMASUNO wants to report that information, it will be misinforming the public. That is my response."

He asserted and reasserted that the obvious conflict is an internal problem that will be resolved internally, and that it is not upsetting either the party's public activity nor its forthcoming electoral action. "It is no reason for any split...at the present time there is none; it would be illogical if there were any."

The delegates who left the assembly, for their part, stressed that they comprise at least 40 percent of PSUM's national representatives, and noted that they would hold a parallel assembly at which they will decide upon their separation from PSUM and upon the type of organization and action that will be carried out in the immediate future.

They gave the following list, in contradiction to Gomez:

From Baja California, five of the six delegates assigned to the PSUM assembly are on their side; from Baja California Sur, all four; from Sonora, all 19; from Sinaloa, 15 out of 34; from Nayarit, all 132; from Jalisco, 70 out of 95; from Michoacan, one out of 13; from Aguascalientes, the only representative; from Zacatecas, four out of 32; from Guanajuato, 10 out of 11; from Guerrero, two out of 62; from Veracruz, 10 out of 18; from the State of Mexico, 15 out of 32; and from Puebla, 15 out of 34.

They stressed the charge that the National Assembly which Pablo Gomez is chairing today has been formed largely on the basis of fraud, coercion and illegality, and that their separation might occur because of the inability of their leadership to cope with and solve these problems which are to a great extent a result of stupid management in PSUM.

#### Varying Damage Assessments

Mexico City PROCESO in Spanish No 433 18 Feb 85 pp 22-25

[Test] From three interpretations of the same incident, the split in PSUM which occurred on Sunday, 10 February, one infers two contradictory images of one and the same party, as if some were alluding to water and others to oil.

Pablo Gonzalez, secretary general:

"The notion that, basically, the former members of the ex-Communist Party remain in PSUM is very unfair. There are still in PSUM members coming from PC, PPM, PSR, PMT, MAUS, MAP, PST and the 23 September League. There is no leftist group from which individuals have not come, joining PSUM. This is not the PC, because its methods, form and views are not in keeping with the defunct Communist Party, absolutely not. I know that there are still comrades who have not taken off the old shirt of their former parties. But they are gradually divesting themselves of them. This is not a modified or renewed communist party, but rather a new socialist party. We don't want to renew PC, but rather to form a new party. This is a telling item of information: Two thirds of the members of PSUM joined after the merger. They didn't come from any of the merging parties."

Alejandro Gascon Mercado, principal director of the Radical Democratic Movement:

"PSUM has been seized by a reformist bureaucracy capable of committing the necessary arbitrary acts, such as inflating figures or holding parallel congresses, so as to retain the privileges that will ensure them their vested interests. Arnoldo Martinez Verdugo is the brains, the gray eminence, of that closed group; Pablo Gomez is the operator. One produces and determines the ideas, and the other takes action, strikes blows and destroys."

Rodolfo Echeverria and Joel Ortega, from the small but persistent Libertarian Group that has been retained in PSUM:

"With the exclusion, not the abandonment, of the Radical Democratic Movement, a reestablishment of the PC has occurred at the worst time, with the most dogmatic and excluding movements that used to comprise it. Our fears have been confirmed: that a unity among leadership apparatus would end in a break. With the ouster of that movement (half of PSUM), it was proven that, under the present conditions, it is impossible to achieve a change in the composition of the present leadership. Of all the political parties in the country, it is only in PSUM (which has prolonged the experience of PCM) that a small group has retained control of the leadership for about 25 or 30 years. It is a group with one fixed idea: to consolidate the leadership group: Arnoldo Martinez Verdugo, Encarnacion Perez, Gerardo Unzueta, Marcos Leonel Posadas and, the creature of this conclave, Pablo Gomez, the secretary general of the break-off."

Pablo Gomez explains the separation of "Gascon and his group" with two reasons:

"The immediate cause was the PSUM Central Committee's refusal to support Gaston Mercado, against every democratic principle, as 'political boss-type leader' in Nayarit, which he ceased to be after a very large portion of the party rejected his methods of force and political bossism. The more general cause was the persistent position of Gascon and his group of taking over the leadership of PSUM. This is a legitimate ambition, but since they did not achieve it, I think that they became desperate."

The PSUM secretary general added:

"Upon being rejected by the majority of the party in Nayarit Gascon set terms for the Central Committee and the National Assembly: that he was to be acknowledged as the only leader of the party in Nayarit, and that this could not be debated. Hence, he brought up a question of the principle of authority: he was the authority, and he would not agree to any discussion. Gascon had always blackmailed PSUM with his withdrawal. Under those circumstances, it was necessary to refuse the blackmail and act on the basis of the party's essential democratic principles. Gascon's group left when the party did not accept his terms which, moreover, had always been accepted from him for the sake of unity; but at a given time the concessions were too burdensome for the overall plan. Starting then, Gascon began attacking not only the leadership, but the party itself, and the national assembly. As part of the blackmail, he accused the assembly of having been formed illegally. That position surprised us greatly, because this group had fully participated in the work of accreditation and had signed the records.

"Gascon Mercado recalled a statement made to PROCESO (No 432) at dawn on Thursday, 7 February, as evidence of the political desire of the Radical Democratic Movement to 'fight to the end' in order to reach an understanding within PSUM.

"But the 'repeated violation of agreements and statutes' that occurred again at the installation of the National Electoral Assembly precipitated the break."

Cesar Navarro, Luis Ortega Morales, Raul Bejarano, Max Ortega, Horacio Garcia Perez, Florentino Jaimes and Tatiana Coll recounted some of the "manuevers of the PSUM leadership" which culminated in a "major fraud" in the installation and composition of the National Electoral Assembly:

"In the first place, the members of the Accreditation Commission rejected several proposals submitted by the Radical Democratic Movement to form the delegations properly. For this purpose, they raised many obstacles. They artificially inflated the number of delegates. One of the most serious instances occurred with the Guerrero delegation: They approved 142 delegates, but most of them were illegal, because the number of PSUM members in that state is hardly 6,200 (with a right to 62 delegates). Other similar instances occurred with the delegations from Chiapas, the State of Mexico, Zacatecas and the Federal District. In addition to the fictitious majority, the Accreditation Commission, dominated by the movement of Pablo Gomez and Martinez Verdugo, undemocratically reduced the CDR [Radical Democratic Movement] membership. As if that were not enough, the assembly was installed over an hour before it had been announced, when many delegates were not yet registered. So, 304 out of 678 delegates withdrew to analyze these actions. Then came the decision for us to leave PSUM. Even then, the PSUM leadership artificially replaced the delegates who had left. Remaining in PSUM was by then impossible."

Ortega Morales, former PSUM secretary general in Puebla, disclosed:

"During the period preceding the national assembly, an offer was made to us: 'Be calm, the Radical Democratic Movement will have four deputies, and you

will be able to form 90 percent of the Nayarit delegation.' But we did not accept, because we were not seeking a political space, but rather participation in a debate on the PSUM leadership."

The weight of the consequences of the split was also gauged with two different scales:

Gomez:

"They will not be serious. A relatively small group left. PSUM's organizational structure has been kept essentially with a capacity to operate. This incident will not affect the party to any great extent. There is, indeed, concern among the rank and file, because they are very unified and they have been educated in the struggle on behalf of unity. We don't yet know how many members left. It is known that some Central Committee members departed, some with experience and others without it, who had been representing Gascon's strength. In Nayarit, certain cadres left with Gascon; in Jalisco, most of the state committee, but not all, left; in Sonora, a state committee which had been imposed through methods of exclusion, maneuvering and subjection to the opinion of others, broke off. I think that is all. The rest are isolated members. I don't know whether the majority of the former PPM, but a large portion of it, also remained."

The Radical Democratic Movement gave its own account:

"Although we are not interested in debilitating PSUM, on the contrary, we hope that it will become strengthened, these data illustrate the size of our movement: Most of the members in Nayarit (15,000 in all), in Jalisco (10,000 in all) and in Sonora (2,400) have left PSUM, as have significant numbers in other states: 1,000 in Baja California, 3,000 in Puebla, over 500 in Baja California Sur, 1,500 in Sinaloa, 1,200 in Veracruz and 600 in Guanajuato, as well as others."

In the opinion of Echeverria and Joel Ortega, the magnitude of the separation is great:

"Nearly half the party has become separated. Pablo Gomez, the secretary general of the break, minimizes the separation. That is a schizophrenic position. But PSUM has been left crippled: PC with a small, relatively subjected group: MAP [Popular Action Movement]. With Gascon's exclusion, there continues an old policy illustrated, at various times, by the departure of Revueltas, Alvarez Garin, Granados Cortes, Manuel Terrazas, Martinez Nateras and Perez Arreola."

Both maintained that, right now, "the exclusion of the Radical Democratic Movement will cause great frustration among the PSUM members and the consolidation of the leadership apparatus (and they are only in a party, if they were heading the state, the same thing would happen as in Poland: in power until death). PSUM's image will prove to be damaged; the idea will gain ground that the left is obsessed with internal struggles and privileges, and that the real political struggle doesn't matter to it."

In their view, one ingredient in this split distinguishes it from other previous ones: the internal struggle for seats and shares of power.

"The Political Commission distributed the first places on the multi-member lists undemocratically. The group which took over the apparatus put the leader best known nationally, Demetrio Vallejo, in third place. Only with a very large vote would he reach the Chamber. On the other hand, those who have the greatest chances of becoming deputies represent PSUM's right wing line, which is the result of a combination of the reformist plan of Martinez Verdugo (responsible for the explosion of PC and PCUM) and MAP's statist influence."

Gomez' view is different. He remarked:

"There was no fighting over the seats. The Central Committee submitted proposals to the assembly and the latter voted freely for 4 hours. Some comrades received their nominations unanimously: Martinez Verdugo, Vallejo and Whaley. Everyone was agreed that they should go to the Chamber. Of course, there are instances of comrades who want to be nominated; and although there is no formal nomination, PSUM accepts those legitimate aspirations. Therefore, this is not what counts: The critical aspect is that the electorate should vote for them."

He also rejected Martinez Verdugo's depiction as a kind of chief of the group which dominates PSUM in a closed manner:

"The party would not put up with that. That notion is far removed from being true. PSUM does not accept political bosses, nor politicians, nor ideologues. We have already had enough in the history of the left to keep us from returning to those methods now. I believe that this was precisely the downfall of Gascon's followers: not being able to escape from the dynamics of political bossism, from the clique, from the chief's favorites."

2909

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MEXICO

SONORA BISHOPS ADDRESS CIVIC, RELIGIOUS ISSUES, DRUG PROBLEM

Voter Abstention Opposed

Mexico City EXCELSIOR in Spanish 25 Feb 85 pp 37-A, 38-A

[Article by Juan Gerardo Reyes and Francisco Santacruz]

[Text] Hermosillo, Sonora, 24 Feb--As the people become more educated and more politically mature and aware, our democracy will move forward and election practices damaging to society, such as corruption and fraud, will be abandoned. The comment was made by Monsignor Carlos Quintero Arce, the archbishop of Hermosillo, who added that the people must not be manipulated, because "they must forge their own destiny" and, above all, because politics is decisive to Mexico's future.

Monsignor Quintero Arce was interviewed in the office at his private residence just hours before he left for Ciudad Obregon, where he will attend the ceremony commemorating the silver anniversary of that city, whose bishop is Luis Reinoso Cervantes.

The archbishop spoke about Mexico's drug problem, "which has undermined the Mexican family and is having a profound impact on children and youths." He also talked about the problem of education, political issues and the relations between Church and State, which he said would improve in the long run after the Church's legal status is recognized.

Monsignor Quintero Arce underscored that drugs are poisoning our young people and that peasants are being bribed to grow harmful drug crops on their lands.

He said that he was aware that in many spots the military guards the plantations. Above all, however, he expressed regret over the sudden wealth that many families have acquired, because it harms their children, who when they have money are labeled gangsters.

After denouncing this trend, he appealed to the kindly nature of peasant farmers, asking them not get involved in such matters, and called on young people not to go astray "along these evil paths."

He stated that one of the reasons for the spread of drug use was the desire to make money quickly. He also noted that the drug trafficking organization is very powerful. "We don't know who they are or how powerful they might be."

"We know," he asserted, "that the authorities are battling the drug trade, but unfortunately money can blind the finest individuals. I have no evidence to accuse officials or individuals linked to drug trafficking of corruption, but it is odd that such large amounts of narcotics can go unnoticed by the authorities."

"One suspects," the archbishop added, "that there might be some sort of understanding between the parties. The influence of their economic power is disturbing the nation's peace."

The instability in Mexico is not due exclusively to the drug problem, the monsignor said. "We know of many other factors." Other reasons for the instability are the economic and social measures taken during the past two administrations, the serious corruption that has been uncovered and the enrichment of certain leaders, which we still resent and deplore.

Starting down a different path will be difficult, Quintero Arce said, expressing his trust only in the ability of the hardworking Mexican people. He noted that many people are risking their money even though inflation is not under control and the future looks grim. "Here in Sonora," he asserted, "people are not just sitting back and doing nothing."

Visibly enthused over the upcoming celebration of the neighboring diocese's silver anniversary, Quintero Arce talked about the problem of education, which he described as "grave." He admitted that the Church has made mistakes in this area, like any human institution, arguing, however, that "the Church always moves forward."

In the final accounting, all problems boil down to education, because to the extent that we can promote it, Mexico will overcome many trying situations.

He described education in Mexico as self-centered, saying that it contributes to the breakup of society. "Any educational monopoly is wrong, inasmuch as banning something means violating a principle of man," Quintero Arce underscored.

He then asserted that the Church has the right to operate schools and that when someone prevents it from doing so, they are acting against "our brethren" and at the same time, he reiterated, "violating a principle of man."

Later, in discussing the upcoming elections, he indicated that true Christians must take an active part in all sociopolitical activities, because "it is precisely here that the nation's future will be played out."

Therefore, every Christian ought to join a party or support a candidate and, above all, express his desires through his vote. In this connection, the Church will never say, vote for this or that party, the archbishop clarified.

Every citizen, he went on to say, has an obligation to participate actively in politics; staying away from the polls is harmful, inasmuch as votes are the building blocks of the nation's future.

The people who call politics dirty, Quintero Arce said, are just shirking a duty.

Quintero Arce underscored that the Church is above all political parties.

He said that violence, dishonesty and corruption must be avoided, because every time that the people's vote is respected, they gain political maturity and become increasingly aware of what their vote is worth. He therefore called on politicians not to manipulate the people.

The more "socially and politically aware our people become, the more progress we will make towards a democracy that will eradicate all fraud or corruption."

In his opinion, the people are very aware politically in Sonora and want to participate in the election, and he said that political maturity will unquestionably help people to better themselves. "The people here not only get involved; they defend their way of thinking," Quintero Arce said.

When asked whether the system is afraid of a real democracy in Mexico, he declined comment, indicating only that many of his friends are members of PRI, and they want to see the people continue to mature politically in all respects.

"We all want to better ourselves and to see others in society do likewise; those who did not would be bad Mexicans," Quintero Arce emphasized.

In another vein, referring to the work of the Church in this part of the country, he remarked that it seeks to follow the guidelines that Pope John Paul II set down in Medellin and Puebla, in the sense of being more in contact with the poor. He accepted the importance of the theology of liberation "as long as the concept of the class struggle is eliminated"; otherwise, "I will divorce myself from any action of this sort."

Regarding the relations between Church and State, he said that mature action should be taken, first of all, to overcome many longstanding prejudices, such as the idea that the Church is obscurantist or wants to take power.

#### Possibility of Violence Cited

Mexico City EXCELSIOR in Spanish 26 Feb 85 'States' section pp 1, 4

[Article by Juan Gerardo Reyes and Moises Ortiz]

[Excerpts] Ciudad Obregon, Sonora, 25 Feb--If the vote is not respected and civil rights are trampled, violence could break out in Sonora during the upcoming election, warned Monsignor Luis Reinoso Cervantes, the bishop of Ciudad Obregon.

He called on Mexico to genuinely combat drug trafficking so that the country cannot be accused of covering it up, because "we do not know how far the United States is willing to go in defending itself or whether there is something else behind this."

Reinoso Cervantes was interviewed today at the silver anniversary of this diocese, in which he has maintained a close-knit relationship with his congregation for 30 years now.

He deplored the potential violence that could erupt in the state during the upcoming election. He said that if individual rights, civil rights among others, are truly respected, nothing would happen, but if they are not, he warned that "I cannot predict the consequences."

The system should not foster violence by working against the rights and the legitimate aspirations of the people, the monsignor said.

After noting that violence leads nowhere, the prelate explained that the people are tired and could become angry if their votes are not respected, in which case they will see to it themselves that justice is done.

In another vein, he stated that the Mexican political system is not afraid of change. We all want to change and to improve Mexico. What is important is to find the right way to accomplish this, the bishop asserted, recommending the paths outlined by the constitution as the best ones to achieve change.

Discussing the issue of drug trafficking, he indicated that the most important thing is to act in a sincere and genuine manner. If the two nations are really committed to a battle against drug trafficking, they must wage that struggle in more than just words and work as a team, avoiding misunderstandings. "We often do not understand how large drug crop plantations can go unnoticed in our country."

He justified the actions of the United States, inasmuch as the drug trade has an impact on both nations and could expand, for which reason our neighbor needs a stronger defense.

He recommended that our country act in a sincere and genuine manner and examine its conscience in evaluating the charges that it is covering up drug trafficking.

On this basis he asserted that the actions of the United States are a way of pressuring our country into fulfilling its commitments in a bid to rescue the U.S. drug agent who was kidnapped in Guadalajara.

Like the majority of the country's bishops, he indicated that the relations between Church and State require a mature attitude on the part of the Mexican people. All Mexicans must come to realize that the situation today is much different from the one in 1817.

He called for freedom of choice in education, saying that in our day and age there is no point to promoting secular schooling. It should be independent of theology, but this does not mean that it should be anticlerical. Education must not prevent individuals from developing their beliefs, inasmuch as religion and science are not opposing causes.

In conclusion, he asserted that a growing number of people in Mexico see the Church as a legitimate institution to follow and are not afraid of its presence; this trend will help to narrow the gap that now exists between the Church and the State. The authorities are deciding which policies can most help the country to solve its problems.

8743  
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MEXICO

NUEVO LEON PAN RALLY DISRUPTED BY PRI SUPPORTERS

Mexico City EXCELSIOR in Spanish 5 Mar 85 pp 4-A, 29-A

[Article by Roberto Villarreal]

[Excerpts] San Nicolas de los Garza, Nuevo Leon, 4 Mar--PRI supporters used tomatoes, rocks and jets of water to break up a rally of the PAN [National Action Party] candidate for governor. Fighting almost broke out between the two sides, as insults were exchanged, but the incident ended when the PAN caravan decided to leave town.

It all started when the PAN candidate, Fernando Canales Clariond, speaking from the roof of a station wagon, said that if he became governor, he would have a four-lane highway built between San Nicolas and Monterrey. He also pledged to remove the equestrian statue of President Jose Lopez-Portillo that is on the border of this town with the state capital.

During a pause in his speech an anonymous shout of "Long live Trevino Martinez" (the PRI gubernatorial candidate) triggered the exchange of insults.

Canales Clariond continued with his address, asserting that if he became governor he would implement an intensive education program because he had noted that a proper upbringing was sadly lacking among many children and some adults, as can be seen here, he said.

The jeers and whistles grew louder. A group of people started cheering the PRI candidate.

The PAN delegate in the state, Luis J. Prieto, ordered the meeting adjourned.

The PAN supporters were getting set to leave when the tomatoes, eggs, rocks and water began raining down. The drivers in the PAN caravan got out of their trucks to confront the attackers, who began running away.

Fernando Canales Clarion was interviewed afterwards at his "Las Palomas" home in the municipality of Garza Garcia.

Canales Clarion said that this was the third time he had been assaulted by his opponents in just  $3\frac{1}{2}$  months of campaigning, adding that such incidents show that the ruling party is on the decline and that no one buys its arguments anymore.

8743

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MEXICO

PAN ORGAN DESCRIBES TOWN'S PROGRESS UNDER PARTY'S GOVERNANCE

Mexico City LA NACION in Spanish 1 Mar 85 pp 28-31

[Excerpt] The municipal government of Hidalgo del Parral, headed by Gustavo Villarreal Posada, submitted its first report recently. This government represents a real change from previous ones (all PRI), which had completely neglected the town and left it with all sorts of problems.

Even though the state governor himself has attacked the town authorities and placed many obstacles in their path, Hidalgo del Parral has a feeling of real change and progress in many areas, as the new government has demonstrated that public services can be provided honestly and on a tight budget, which has been stretched to accomodate many things that residents only used to dream of.

PRI is announcing today that it is "doing" everything that it failed to do over 54 years and has set up, parallel to the real authorities, a "council" [presidencia] that enjoys the full support of Governor Oscar Ornelas, who when visiting Parral ignores the elected authorities and is seen with the PRI "authorities" in inaugurating public works, thus trying to score points for his party.

In spite of all this, the following has been accomplished over the past year:

--The police force has undergone a radical change; today it is wearing proper uniforms and is duly equipped. The most important thing, however, is that their morale is high; they work and are paid for an 8-hour day, unlike before, when they worked 12 hours and were paid for 8. They are paid in accordance with their level of education, from primary to preparatory school. Six brand-new patrol cars have been placed in service, and for the first time in many administrations the police has formed its own marching band, which has already taken part in civic events.

--The water shortage, which has been a chronic problem, has not been definitively resolved, but thanks to the town hall's many efforts, the problem has been eased considerably; as a result of new equipment

and the enhancement of the sources, there is now more water than before. Incidentally, the town government did not officially have to undertake the efforts it did, inasmuch as the Municipal Water Board still comes under the state governor as a result of the counter-reforms of Article 115 of the constitution that he forced through.

--Almost 50,000 square meters of sidewalks have now been paved with cement. For the first time in history, this project is being partly financed (one-third) by the mayor's office. The people themselves used to defray 100 percent of the costs, using their land as collateral that could be seized if they did not pay "cooperation money."

--The town government has promptly acquired heavy machinery: a backhoe, a compressor, a drill, a grader, a road roller (which is the property of the mayor, who lent it to the municipality), and several trucks and pickup trucks.

--A computer system for the collection of real-estate taxes, and a copying machine, which the town did not previously have.

--Sports facilities have been built on the bank of the river, an area that used to be a source of disease because of the garbage dumps and sewage there.

--The squatter districts and the communities that lacked utilities, such as Heroe de la Revolucion and Juarez (plus its extensions), have received the attention that they went without for years.

--The mayor donated a piece of land to the University of Chihuahua and made a large contribution to the construction of the Fine Arts School; which will also have a municipal theater. The school will be completed and opened this year.

8743

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MEXICO

FORMER REBEL SEES NO PRESENT CHANCE OF SUCCESSFUL REVOLT

Mexico City EXCELSIOR in Spanish 13, 14 Feb 85

[Two-part article by correspondent Victor Payan]

[13 Feb 85 pp 4-A, 29-A]

[Text] Oaxaca, Oax., 12 February--"Yes, I am Beto Ruedas. I was the founder of the 23 September League and the People's Union; I was with the teacher, Genaro Vazquez Rojas, and then I went with Lucio Cabanas. I started the 2 October Camp in Mexico City, and I have seen and supported the founding of several insurrectional movements. I am one of the greats, the last of the few remaining; and I am aware that, at present, a guerrilla action is impossible because we lack a leader, and because the members of the Federal Security Directorate have us cornered and fully identified. But the time will come!"

From his wheelchair, his legs turned into two tattered limbs, weighing no more than 60 kilograms, with noticeably thin hands and almost without moving (but he admired Che Guevara like a god), Gilberto Guerrero Parada (of indefinite age, but close to 50), intelligent, highly intelligent, constantly on guard and usually stammering in order to take more time in answering questions, and of inconspicuous appearance, added:

"What I say now, here, or tomorrow, or at any time, I shall maintain anywhere; because it is my way of thinking, and no one can be condemned for what he thinks. So, please, in anything that you are going to quote me as saying, precede it with just this: 'It is my way of thinking!'"

The interview took place in what is officially termed, here in this city, the 2 October Camp; but which, according to Beto Ruedas, is the Ricardo Perez Hernandez Colonia, named for a cemetery worker who was killed in 1977 during a confrontation with the authorities, "who should serve as an example to the youth, and to students," according to the subject of the interview.

There are about 1,000 persons living in that colonia, about 3 kilometers from the center of the city, and they have no services. To meet their needs, they must even walk over 100 meters to a river of sewage, where they often are confronted with rats, or ravenous, hungry dogs.

[Question] Don Beto, could you tell us whether there are guerrilla groups in the country at present?

[Answer] I don't know although, ideologically, no one could stop us. In the past all of us revolutionary groups received very serious setbacks, with the exception of the People's Union, and the People's Union did too. The government's front men, the members of DFS, have virtually nullified our action, but, as I told you before, this is something to be expected, and we shall be present in time, because the government itself is preparing the situation. For example, consider the butchers' problem with the state, but it is not in the form of an armed confrontation, rather, a struggle of economic forces, with direct repercussions on the people's stomachs; and this is a slight indication of what could happen later on.

[Question] Do you belong to any political party?

[Answer] We are a political organization, not a political party. We make up the core of the People's Democratic National Front, headed by Dr Felipe Martinez Soriano, former rector of the University of Oaxaca! He is considered a great libertarian figure, who has proven to us that he has acted consistently, despite the fact that the 1977 movement was destroyed. The doctor is still fighting, trying to organize us, and we regard him as our top-ranking leader.

[Question] How many followers do you have all over the country?

'Model of Development'

[Answer] We don't know yet, because we have not yet come out publicly as a political party, but, actually, we already have a considerable number of followers here in Oaxaca, in Puebla, Guadalajara, Michoacan, Veracruz, Chiapas and Tabasco, and also in some northern states. And the fact is that our organization has not yet attained features as serious as those of a party; but, to our way of thinking, it should be a model structure of development.

[Question] Are there guerrillas here or in any part of the country?

The people close to Don Beto Ruedas certainly didn't like the questions. There were about 10 or 12 youths who were drinking beer and making noise in an attempt to be noticed. They appeared threatening and spoke in a particularly annoying tone, at times describing when they had beaten some person or another. Some even began throwing rocks.

Beto Ruedas remarked: "You are actually very persistent about the matter of guerrillas, but don't be concerned. You are giving me the opportunity to address all our followers, so that they may learn the line that is being drawn up. And we must all be quiet now, because, I stress, this is not the propitious time. So keep on questioning, so as to show who is using whom; but really write what I tell you, and prove that in your paper, in EXCELSIOR, there is liberty. Of course, you should 'fix things up' a little, but be brave and write them."

[Question] Don Beto, if you are speaking in that way, why don't you tell me whether there are really any guerrillas in Mexico or not?

[Answer] The fact is that there were. Now, the government is using this as an excuse to repress the democratic movement and in that way is preventing us from being able to express ourselves.

[Question] Do you still describe Dr Martinez Soriano as a guerrilla fighter, given his background?

[Answer] The doctor is a leader, and they have covered him with unfounded claims in order to discredit him. That was the work of those in the DFS; don't forget it.

[Question] Do you mind if I ask you more about Martinez Soriano?

[Answer] Don't succumb to government-type behavior. It doesn't annoy me that you should question me, but it does that you are leading the interview only toward the existence of guerrillas. It would be better for you to ask other questions and you will find other answers. Be broad, don't confine yourself.

[Question] Why hasn't the government helped you with the services in the colonia?

[Answer] You must know that better than I. The only thing worthwhile in this country where a pretended democracy is being exuded is what PRI [Institutional Revolutionary Party] wants; because only in that way could they have backers. If anyone requests anything more, the minimum, they don't give it to him, and they tell him to go to the devil. Furthermore, they consider all of us residents of this colonia to be "infested," first because we were invaders, and secondly because the place is described as a "nest of guerrillas."

[Question] If you are an intelligent man, why aren't you announced as a leader, heading a movement that would lead you toward achieving the ideals for which you have fought for years and years?

[Answer] It is precisely because I consider myself intelligent that I have not done so. But look: I don't really feel that I have the capacity, despite all my experience, to actually espouse the cause and launch forth into battle. It would be something completely suicidal, out of context of the present reality; but don't worry; there will be time and the government itself is continuing to give us the facilities.

[14 Feb 85 pp 4-A, 30-A]

[Text] Oaxaca, Oax., 13 Feb--"The executions and the problems caused by extremist groups, the government's handling through the Federal Security Directorate and divisive behavior on the part of the radicals who are continuing their ridiculous 'purges' are what has made the revolutionary groups that have struggled to attain the feasible changes in the governmental systems disunited, and on account of all this, the guerrillas are non-existent at present."

We had held a lengthy talk with Beto "Ruedas," inside his humble dwelling measuring 3 by 3, with an old table, two chairs, a makeshift bed semi-covered by an old, threadbare spread and, on the main wall, facing the door, full of dirt and broken boards, the picture of Che Guevara. This was in the lost town, the one the authorities call the 2 October camp, which he has now christened the Ricardo Perez Hernandez Colonia.

[Question] What are the executions to which you refer?

[Answer] Look, giving you any concrete indications would mean putting myself openly and practically in front of the "sight" of any weapon of our own and those of others. It would also mean giving the authorities the opportunity that they want so much to put me behind bars; and I must remind you that, every time I say something, you are to state before quoting it that it is what I think.

[Question] What we know is that, at the present time, there is a direct clash among various factions of the alleged subversive or ideological groups, as you call them. Is it true? Have there been executions?

'Yes, There Have Been Executions'

[Answer] With great sadness, I must admit it. Yes, this is a real fact that has complicated our lives as the open democratic organizations which we are. They have put us in a difficult situation, and have put those from the Independent Democratic Movement between the sword and the wall. This is virtually a war by everyone against everyone, and it is ridiculous. Insofar as we can tell, in a clumsy manner, there is by now an open battle, and there are accusations and claims on all sides, from which we cannot defend ourselves; because anything that is said is immediately reversed. If there are apologies, they distort the situation.

[Question] Then should it be thought that the internal "purge" may be part of a plan preconceived by those in the DFS?

The immediate response was a wry smile; there were signs of impotence and his figure, pinned to the wheel-chair, made him look weaker. Beto "Ruedas" (Gilberto Guerrero Parada is his real name) was disturbed, reflecting depression.

[Answer] I think so, and that is painful to admit. We have succumbed to their game, that game of divide and conquer; and I think that they have divided and weakened us, that they are keeping us dismembered by our own backing or assistance, whatever you want to call it. And the only thing that can be done by those of us who are really convinced that the real democratic systems should be established through revolutionary action is to wait for the opportunity and trust that it will come before they destroy our ideals.

[Question] Pardon, Don Beto, but why are you disabled?

At that time, he was definitely not the "creature of the devil," as he was described by Dona Virginia Lopez, who is contesting him for the leadership of the squalid lost town a mere 3 kilometers from the cathedral. Nor was he the pedantic, feared leader spoken of by certain authorities. He was only the man, a poor man tied to a wheel-chair, with a shirt which had once been white and which now looked dirty; with tattered pants and shoes without laces, with the tongues hanging out, overly run over and battered. Nor did he give the impression of having ordered anyone to be killed.

With eyes filled with tears, a stammering voice, trying to gain control of himself, with his flabby, almost useless hands clenched, he said:

"It is a genetic problem...a genetic disease."

His voice became low. He turned his gaze toward the photograph of Che Guevara, as if seeking spiritual support from a god. Outside the wind was blowing more and the day was slowly dying. The noise of the engines of vehicles driving along the avenue that separates the colonia formed 8 years ago from the city streets increased. Lights began to go on. Sadness, misery and compassion were exuded. Beto "Ruedas" continued:

"There are three of us brothers with the same problem. A genetic accident called Duchet-type muscular dystrophy, a generative disease which progresses until it leaves one totally and completely useless. But before that happens, it will afford a chance to see our cause on behalf of democracy saved, and I hope that it will be through revolutionary action."

There Should Be No Purges

[Question] Will you be left mentally useless?

[Answer] I think not. Mentally, I feel the same as everyone else. And I am prepared for what fate holds in store for me, virtually and really a living death; and it is my mind, my ability and my training that make me a superior being. It will be a living death, like that of listening to prayers and wailing from hired mourners, to the compassionate words of the people around me; but even so, I am ready to face my fate.

Outside, for several minutes, another man confined to another wheel-chair was waiting for someone to help him climb the two steps which appeared as gigantic obstacles to him. He remained silent, with his gaze peeled in the distance, with his arms drawn together and his neck in a grotesque position.

[Question] Will the executions make it possible for the popular movements to get back on their feet?

[Answer] The executions and the problems caused by extremist groups such as the National Revolutionary Civic Association, which has now emerged as a democratic movement with the same name that was used by the leader, Genaro

Vazquez Rojas, could be regarded as the best aid to the devastating endeavor being carried out by the Federal Security Directorate. Action is being taken in an irrational way, because there should be no purges in a democratic movement.

[Question] Could you give us details on any of the those "executed by the radicals"?

[Answer] Give them to you? Did the government's front men send you to have me sign my death sentence with my tongue?

[Question] No, Don Beto, the only thing I want is to expand the information. So, if you want to do me the favor of telling me some name of those executed, it will serve to give an example. What do you think?

[Answer] I'll give it to you, but I hope that the next name on the list is not mine. You can't imagine how the situation is: I would stress to you, that there are radical groups who are only causing the dissociation of us who are idealists; and I also would stress to you that it must be managed by the ones from DFS. Note: Arturo Cortes, shot to death in Mexico City recently. And I think that this is enough; so please....

The streets of the camp, or colonia, seemed "pitch-black," despite the pale light that dared try to brighten the dirt walks surrounded by rows of reeds that made it possible to listen to the music emerging from some radios, the only night-time entertainment that one could have here in this area apart from civilization.

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MEXICO

BRIEFS

BUSINESS LEADER ON STABILITY--Hermosillo, Sonora, 21 February--Ramon Corral Avila, head of the state's Northern Business Center, remarked that Mexico is very far removed from social eruptions, but that the economic mistakes must be corrected. He expressed the view that the country has matured civically and politically, and that the disturbances in Coahuila are not a result of social dissatisfaction toward the financial problems, but preeminently political. He admitted that the opposition has increased toward the erroneous policies adopted in recent years, but noted that this happens in a democratic country. He claimed that the crisis has formed a political, civic and social consciousness among Mexicans, noting: "Maturity has occurred; the people have gained awareness and express themselves against what they don't like." The business leader asserted that, so long as people have food and a certain amount of economic tranquillity, there will be no social crisis, and observed that the likelihood of a social eruption is remote. He said that the Mexicans are striving to emerge from the crisis and, although they feel that it is a result of poor economic management, they think that there is now an interest on the government's part in surmounting the difficulties. "We are convinced that, if there is a rectification in the economic area, things will change"; and he voiced assurance that the government intends to correct mistakes. He concluded by saying: "The sale of parastate enterprises is an example of this." [Text] [Mexico City EXCELSIOR in Spanish 22 Feb 85 'States' Section p 1] 2909

NAVY HOLDS INTER-SERVICE BREAKFAST--Yesterday, at a breakfast given for the Army, Adm Humberto Martinez Najera, undersecretary of the Navy, declared that, although the country is suffering from an economic crisis, it is not suffering from one of moral values or spiritual fortitude, those qualities of the Armed Forces which reach all parts of the country; thus affording us certainty of a bright future for the nation. The event had one feature: uniting and bringing together in brotherhood the Air Force and Navy military, in a symbolic ceremony which took place at the Navy Club, on Alancaster Avenue, in Lomas de Chapultepec. The members of the staffs of the three branches of service (land, air and sea) fraternized at the party, at which the undersecretary of the Navy first discussed the creation of the Mexican Navy, which was established by President Venustiano Carranza; and then noted that the Mexican Armed Forces are united by their goals and by their inspiration with the president of the republic. He then added that the members of those entities have magnanimously given their best, with their daily acts of dedication and sacrifice, to serve

Mexico and to consolidate their institutions; concluding by citing: "Our acknowledgment of and solidarity with the great effort that they are expending in all corners of the nation and in all its areas, day by day, as ensurers of our nation's social peace." Military and Naval personnel socialized at the breakfast at 30 round tables distributed in the Navy's large reception hall. Finally, the undersecretary of defense, Gen Marco Antonio Guerrero Mendoza, who is actually recovering from a horseback riding accident, expressed brief appreciation for the act of solidarity among the members of the defense sector, and expressed the wish that this sociability would unite the members of the three branches more. [Text] [Mexico City EXCELSIOR in Spanish 19 Feb 85 pp 4-A, 29-A] 2909

PRESIDENTIAL UK VISIT PLANS--London, 21 February (ANSA)--According to an announcement made today by a spokesman for Buckingham Palace, the president of Mexico, Miguel de la Madrid, and his wife, will pay an official visit to Great Britain from 11 to 14 June of this year, at the invitation of Queen Elizabeth II. The British sovereign visited Mexico 10 years ago, with Prince Philip of Edinburgh. The royal couple paid another visit to Mexico 2 years ago. The former president of Mexico, Luis Echeverria, and his wife, visited Great Britain officially during 1973. Nevertheless, spokesmen for the Presidency of Mexico remarked that there is an official invitation for the president, Miguel de la Madrid, and his wife, to visit Great Britain, but that the date when the trip is to be made has not yet been set, and the possibility of its taking place soon is being explored. [Text] [Mexico City EXCELSIOR in Spanish 22 Feb 85 p 5-A] 2909

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PERU

GARCIA 'SECRET PLANS' FOR PRESIDENCY SPECULATED

Lima EQUIS X in Spanish 18 Mar 85 pp 19-20

[Article by Benjamin Odriozola: "Alan's Secret Plan"]

[Text] It has been suggested that the AP [Popular Action] candidate for the presidency is hatching a series of secret plans that in the final instance would cause him to modify the constitution for the purpose of executing those plans in their entirety. Bedoya Reyes has gone to the extreme of claiming that this would mean a veritable coup d'etat carried out within the government itself.

Actually, it is possible that a party such as the AP, which has waited over 50 years to be in the government, would try to have a sensational impact on the citizenry if it should finally gain the reins to power. But from there to risking the setting forth of particularly dangerous provisions, such as those suggested by its political adversaries, is truly an abyss.

For example, it has been said that among the secret measures harbored by Alan Garcia and that he would pull out of his pocket immediately after assuming office as president are the following: 1) major nationalizations of both national and foreign private companies, as well as other "lightning strikes" in the style of General Velasco; 2) the establishment of exchange controls; 3) the freezing of prices and the indexing of wages and salaries based on inflation; 4) a unilateral moratorium on the foreign debt; 5) restrictions on freedom of the press through a series of provisions permitting control of the press by the government; and 6) manipulation of the constitutional and legal order so that it would be possible to institute a regime without sharing power, in the Mexican style.

Based on what we have been able to learn from sources very well-informed on this delicate matter and considering the background of the AP leaders, we can deduce that the announcement of alleged secret plans of Alan in the direction indicated are no more than fantastic inventions without any basis whatsoever in fact.

Emergency Economic Policy

One important leader even confessed that to claim to apply spectacular measures that would forcibly change the existing constitutional order would be suicidal

for the AP Party, as would any act aimed at hastening the political process of the country at a time of such difficult and delicate economic and social circumstances. A good example of the risks that might be entailed by such a policy is Bolivia today and Salvador Allende's Chile, he said. In the context of a world economic situation such as the one we now have and given the political conditions that prevail in the country, one must be very cautious and responsible. It is essentially a matter of applying an emergency economic policy aimed at overcoming the crisis, so as later to turn to the gradual execution of a program oriented toward modifying our structure of production and ensuring the possibility of moving surely down the path of national development.

Consequently, the so-called "secret plans" of Alan Garcia would rather include coordinated, practical measures to provide a solution to the most excruciating economic problems at hand. They might include: a) the formation of a pluralist Cabinet of "all talents," made up of leaders of the party and other groups willing to cooperate for the good of the country, along with independent experts of recognized skill and prestige. Names suggested include Felipe Ortiz de Zevallos, Carlos Alzamora Traverso, Hector Cornejo Chavez, Enrique Bernales and others.

#### Pacification, Development and Moralization

b) pacification of the country through dialogue with the Sendero Luminoso, through a National Pacification Commission. One would use the difficult but sure tactic now applied by the governments of Colombia and El Salvador.

Naturally, such measures would be accompanied by an emergency plan for the priority development of the troubled areas.

c) execution of a plan to be carried out immediately to halt inflation, preceded by a clear explanation to the country of the state of our economy and finances left by the current government, so as to establish and outline responsibilities. A plan of this nature would be aimed at closing the fiscal gap and correcting our balance of payments. It would imply the execution of a policy of true austerity, from the top down, making the people aware of its unavoidable necessity.

This plan would include reducing investment spending and nonvital items in the budget to the maximum extent possible. An increase in public income would, if no other alternative sources were found, have to come from maintaining the current taxes on fuel. Monetary stability would be achieved through a maximum devaluation giving our currency its real parity.

d) negotiation of the debt under better conditions and based on the country's true possibilities, seeking a Latin American agreement for the purpose.

e) priority promotion of the agricultural sector, through a price and credit policy that would bring rural areas out of their current prostration.

f) an effective policy of administrative deconcentration and the economic decentralization of the country, giving regions the necessary autonomy and indispensable income.

- g) reorganization of the public sectors and institutions urgently requiring it, such as police organizations.
- h) spectacular moralization measures, impartial trials of persons such as Elias Laroza, Ismael "Vollmer" Benavides and those implicated in affairs such as Sanitas, the CPV [Peruvian Shipping Corporation], and so on.

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PERU

## SOVIET COOPERATION COMMISSION AGENDA OUTLINED

Lima EL COMERCIO in Spanish 18 Mar 85 p A-14

[Text] Today marks the beginning in Moscow of the fourth meeting of the Peruvian-Soviet joint commission on economic-commercial, scientific-technical and fishing cooperation, with the participation of an enormous delegation from our country, headed by the ministries of economy and industry.

Official reports suggest difficult negotiations because the Soviets want their foreign debt to be paid in foreign exchange or in raw materials equivalent to foreign exchange. However, national officials remain optimistic.

Three subjects are to be taken up between today and 22 March, by officials meeting in a grey building near Red Square in the capital of the Soviet Union.

The first will consist of an examination of the work of the joint commission; the second, refinancing of the debt; and the third, payment with products.

The first will include an examination of the state of commercial relations and sales of Soviet machinery, as well as cooperation programs on the Olmos and Oyon projects (coal) and the Bayovar phosphate deposits. Talks will also touch upon the conclusion of the intergovernmental agreement on air communications and the maritime navigation accord.

The ministers will jointly deal with refinancing of the debt and payment in products.

In this connection, according to information from the Ministry of Industry, Commerce, Tourism and Integration, it should be mentioned that according to the November 1983 accord, Peru was to have paid \$186 million, of which it has paid only \$54 million.

Adding interests and quotas in cash not paid, a total of \$201 million must "now be refinanced."

This sum implies, according to our information, the amount which Peru should have paid by December 1985, 25 percent in traditional products and 75 percent in nontraditional products.

Peru-USSR Commercial Trade (In \$US, FOB)

<u>Year</u>	<u>Exports</u>	<u>Imports</u>	<u>Trade Balance</u>	<u>Com. Trade</u>
1980	15,768,618	420,580	15,348,038	16,189,198
1981	11,859,017	2,132,276	9,726,741	13,991,293
1982	8,242,483	2,751,660	5,490,823	10,994,143
1983	14,300,978	418,680	13,882,298	14,719,658

The delay in payments in kind is due to the Soviet delay in accepting nontraditional products and the requirement that only traditional products be included, which is equivalent to paying in foreign exchange, which our government opposes.

The commercial negotiations will be intensified by the presence of 35 private businessmen who for months have already been involved in talks and sending samples, being able to close contracts on the spot.

It was also reported that such aspects may be negotiated as greater frequency of transport, since at the present time, only one Soviet ship goes between Callao and the ports of the USSR.

Other points include the establishment of a joint Peruvian-Soviet tribunal to rule on failure to comply with agreements and difficulties, as well as the opening of special letters of credit by the USSR to speed operations and not involving payment in foreign exchange.

Official sources have indicated that the great value of our exports lies in traditional products, which exceed \$28 million in sales of fish flour, concentrates of zinc, lead, bismuth, cadmium and coffee. Nontraditional products include textiles, zinc discs, sheet metal for saws and goatskins worth \$9 million.

We have sold goods to the USSR worth \$1.3 million, consisting in assembled vehicles, vertical lathes and projection equipment, for the most part.

Commercial trade on the whole has totaled \$39.3 million to date.

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END